

CITY OF SOUTH JORDAN
STATE OF UTAH

Comprehensive Annual Financial Report
For the Year Ended June 30, 2005

Prepared by:
City of South Jordan, Division of Finance

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CITY OF SOUTH JORDAN
COMPREHENSIVE ANNUAL FINANCIAL REPORT
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INTRODUCTORY SECTION



SOUTH JORDAN

U T A H

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December 19, 2005
The Honorable Mayor and
Members of the City Council
South Jordan City, Utah

Re: Finance Officer's transmittal letter and report on financial statements.

The Comprehensive Annual Financial Report (CAFR) of the City of South Jordan (the City) for the fiscal year ended June 30, 2005, is hereby submitted as mandated by both local ordinances and state statutes. These ordinances and statutes require the City issue a report on its financial position and activity, and this report be annually audited by an independent firm of certified public accountants. We believe the information, as presented, is accurate in all material aspects, and is presented in a manner designed to set forth fairly, in all material respects, the financial position and results of operations of the City as measured and reported by the financial activity of its various funds; and that all disclosures necessary to enable the reader to gain an adequate understanding of the City's financial affairs have been included.

This CAFR has been prepared by the City of South Jordan Finance Division. Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

Generally accepted accounting principles require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The City's MD&A can be found immediately following the report of the independent auditors.

This CAFR is presented in three main sections:

1. *The Introductory Section*, which includes this letter of transmittal, the City's organizational chart, and a list of City officials.
2. *The Financial Section*, which includes the independent auditor's report, MD&A, the basic financial statements, required supplementary information (RSI), and other supplementary information which includes schedules for individual funds.
3. *The Statistical Section*, which provides a history of selected financial and demographic information.

The City is not required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1996 and the Office of Management and Budget's Circular 1-133, audits of State and Local Government.

The financial reporting entity (The City) includes all of the funds of the primary government (i.e., the City as legally defined), as well as all of its component units. Component units are legally separate entities for which the primary government is financially accountable. Blended component units, although legally separate entities, are, in substance, part of the primary government's operations and are included as part of the primary government. Accordingly, the South Jordan Redevelopment Agency and Municipal Building Authority are reported in this CAFR as a special revenue fund and a capital project fund, respectively.

Mayor-William Kent Money
Council Member-Ann Gayheart
Council Member-Bradley G. Marlor
Council Member-David W. Colton
Council Member-Leona Winger
Council Member-Mary Wenner



City Manager-Ricky A. Horst

GOVERNMENTAL STRUCTURE, LOCAL ECONOMIC CONDITION AND OUTLOOK

Governmental Structure

Under the city manager form of government, by ordinance, legislative powers are vested in a governing body, consisting of a Mayor and five members of a City Council. The government is empowered to levy a property tax on both real and personal property located within its boundaries. The Council Members are elected by district and serve staggered four-year terms. They are assisted by a City Manager who is responsible for establishing and implementing City policies, carrying out the ordinances of the City Council, and overseeing the day-to-day operations of the government.

The City provides the full range of municipal services normally associated with a municipality. In brief, the general governmental functions include police and fire protection; park construction and maintenance; street construction and maintenance; public improvements; engineering; building inspection; planning and zoning; and administrative services. The City also operates water and waste collection as enterprise funds.

Economic Condition and Outlook

The City of South Jordan, incorporated in 1935, is located in the southern part of the Salt Lake valley. The City is a rapidly growing suburban community encompassing 21.8 square miles. The City's population is approximately 43,959. This represents an increase of 11.29 percent over the previous year. We anticipate the population in South Jordan will continue to increase rapidly.

The added population has placed increased demands on services, but the City has adopted a conservative approach to the expansion of various public services. The general philosophy of the City is that increased revenues from existing taxes and other revenue sources must provide the base for the expansion of public expenditures. As demonstrated over the past several years, the City is committed to this philosophy.

Following statewide trends, South Jordan experienced significant, positive economic growth during FY 04-05. The City's sales tax revenues increased just over 12 percent from the previous year. This statistic is indicative of the City's efforts to expand its sales tax base. The growth in population, as well as sales tax revenue, is expected to continue to increase for the foreseeable future.

MAJOR INITIATIVES

The government's staff, following specific directives of the City Council and Mayor, have been involved in a variety of projects throughout the year. These projects reflect the government's commitment to ensuring that the citizens of South Jordan are able to live and work in a desirable environment. During the fiscal year 2004-05, the City had several significant projects. Some of these projects are listed below:

1. Aquatic Fitness Center. The City's Aquatic Fitness Center opened during February 2005. This 66,000 sq ft facility includes a large indoor pool with a lazy river, 22 ft tall slide, and lanes for lap swimming. The facility also contains gymnasiums with three full-size basketball courts, a dance studio, an aerobic room, an indoor track, cardio machines, and strength training equipment.
2. Culinary Water System Upgrade. The City is currently working on a \$23 million culinary water project. This project will make significant improvements to the City's culinary water system.
3. Gale Center of History and Culture. This facility will house City administration offices along with multiple history exhibits in relation to the City of South Jordan. The center will also have an auditorium which will be available for rental and public use. The anticipated completion date for the center is June 2007.
4. Skate Park. The City's skate park is 15,092 sq ft. The park contains a freestyle section as well as a 3,500 sq ft bowl with a maximum drop of 10 feet. The facility was designed for varied levels of difficulty. The park includes lawn areas for spectators, and the entire facility is surrounded by a rod iron fence for security purposes.
5. 9800 South. This road was completed December 2005. It connects 9800 South from 2700 West to Redwood Rd. This road will assist in improving east-west traffic flow through the City.

6. Ice Rink. A 24,600 sq ft ice skating rink was completed November 2005. This rink is free to the public and will also be used as a fountain during summer months. Surrounding the rink are fire pits/warmers and benches for spectators to watch the skaters.

The City Council recognizes the need to develop the City's economic base in order to provide the necessary services, i.e., recreation, roads, water, etc. to its citizens. Efforts are being made by the City to attract new sales tax generating businesses and to promote the type of activities that will enhance the quality of life in the community.

The City currently has nine redevelopment areas (RDA's). These areas are formed with the intent of encouraging new development within the City. During the year, several new office and retail areas were either built or expanded. Included in these areas are the City's ice rink, the new Salt Lake County library and a Walmart which is scheduled to be completed January 2006.

One RDA, located on Bangerter and 11400 South, contains an area known as "The District." This area will include many new retail and entertainment establishments. Among the new businesses coming to the City are: a 24-screen movie theatre, Target, JC Penney Gart Sports, Petco, Key Bank, Chase Bank, Noodles, Village Inn and Rumbi. The City will continue to encourage development through the use of redevelopment areas.

FINANCIAL INFORMATION

South Jordan's financial statements reflect the rapid growth of the City. The balance in the City's General Fund decreased by \$33,159 during the fiscal year to end with a balance of \$3,397,040. This amount represents an increase of \$2,729,578 from five years ago. During the same five-year period, the City's governmental funds revenues increased from \$12,938,037 to \$29,867,892, and expenditures increased from \$12,840,044 to \$36,084,491. Growth in proprietary funds has increased during this period as well. Proprietary funds' revenues increased from \$5,313,141 to \$10,442,201 since fiscal year 2000, while operating expenses rose from \$4,362,142 to \$8,360,078.

As a recipient of federal, state and local financial assistance, the government is also responsible for ensuring that an adequate internal control structure is in place and to document compliance with applicable laws and regulations related to these programs. This internal control structure is subject to periodic evaluations by Administration. The audit for the fiscal year ended June 30, 2005, disclosed no material internal control weaknesses or material violations of laws and regulations.

The City's budget serves as the foundation for its financial planning and control. City management prepares a proposed, annual budget which is presented to the City Council for review no later than the first council meeting in May. The council is required to hold a public hearing on the proposed budget and to adopt the final budget prior to June 22 unless there is a proposed increase in the City's certified tax rate. In which case, a tentative budget is adopted and is in force until a public hearing is held to approve the increase.

The budget is prepared by fund, and the General Fund is further divided into departments. Department heads may make transfers of appropriations within a department. Transfers in appropriations between departments, or increases in revenues require the approval of the City Council. Activities of the General Fund, special revenue funds, debt service funds and capital projects fund are included in the annual appropriated budget. The level of budgetary control (i.e., the level where expenditures cannot legally exceed the appropriate amount) is at the department level within the General Fund and the fund level for all other funds.

As demonstrated by the statement included in the financial section of this report, the City continues to meet its responsibility for sound financial management.

Cash Management

The City Treasurer focuses on safety, liquidity and yield of investment. The highest priority of cash management and investments is to ensure adequate funds are available to meet City obligations and that all investments are in safe instruments. Yield, while important, is considered third priority after safety and liquidity. All City funds are invested

in accordance with the guidelines established by the Utah Money Management Act and in institutions approved by the Utah State Treasurer's Office.

Risk Management

The City is exposed to a variety of accidental losses and has established a risk management strategy that attempts to reasonably minimize losses and the cost of carrying insurance. Risk control techniques have been established to provide reasonable assurance that City employees are aware of their responsibilities regarding loss exposures related to their duties. In a similar manner, risk control techniques have been established to reduce possible losses to property owned, or under the control of the City. Furthermore, supervisory personnel are held responsible for monitoring risk control techniques on an operational basis.

During this year, the City also set up a Workers' Compensation fund as a special revenue fund. Monies from other operating funds of the City were transferred, and will continue to be transferred in future years, to offset potential future losses due to worker injury claims.

OTHER INFORMATION

Independent Audit

State statutes require an annual audit by independent certified public accountants. The firm of Gilbert & Stewart was selected by the City Council to perform this audit. This audit was designed to meet the requirements set forth in the Utah State statutes. Generally accepted auditing standards and the standards set forth in the General Accounting Office's Government Auditing Standards were used by the auditors in conducting the engagement. The auditor's report on the general purpose financial statements and combining report on the general purpose financial statements and combining and individual fund statements are included in the financial section of this report. The auditor's reports on internal controls and compliance with applicable laws and regulations can also be found after the statistical section.

Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement of Excellence in Financial Reporting to the City of South Jordan for its CAFR, for the fiscal year ended June 30, 2004. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial report.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. Such a CAFR must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. The City has received a Certificate of Achievement for the past 19 years. We believe our current report continues to meet the Certificate of Achievement Program requirements and we are submitting it to GFOA to determine its eligibility for another certificate.

Acknowledgments

We would like to thank the City Council and the Mayor for their interest and support in planning and conducting the financial operations of the City in a dedicated and responsible manner.

The preparation of the Comprehensive Annual Financial Report on a timely basis could not have been accomplished without the efforts and dedication of the City Staff. We would like to express our appreciation to our staff and other personnel from various agencies and authorities who assisted in its preparation.

Respectfully submitted,

Laurie Tanner
Chief Operating Officer

Ricky A. Horst
City Manager

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of South Jordan,
Utah

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2004

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



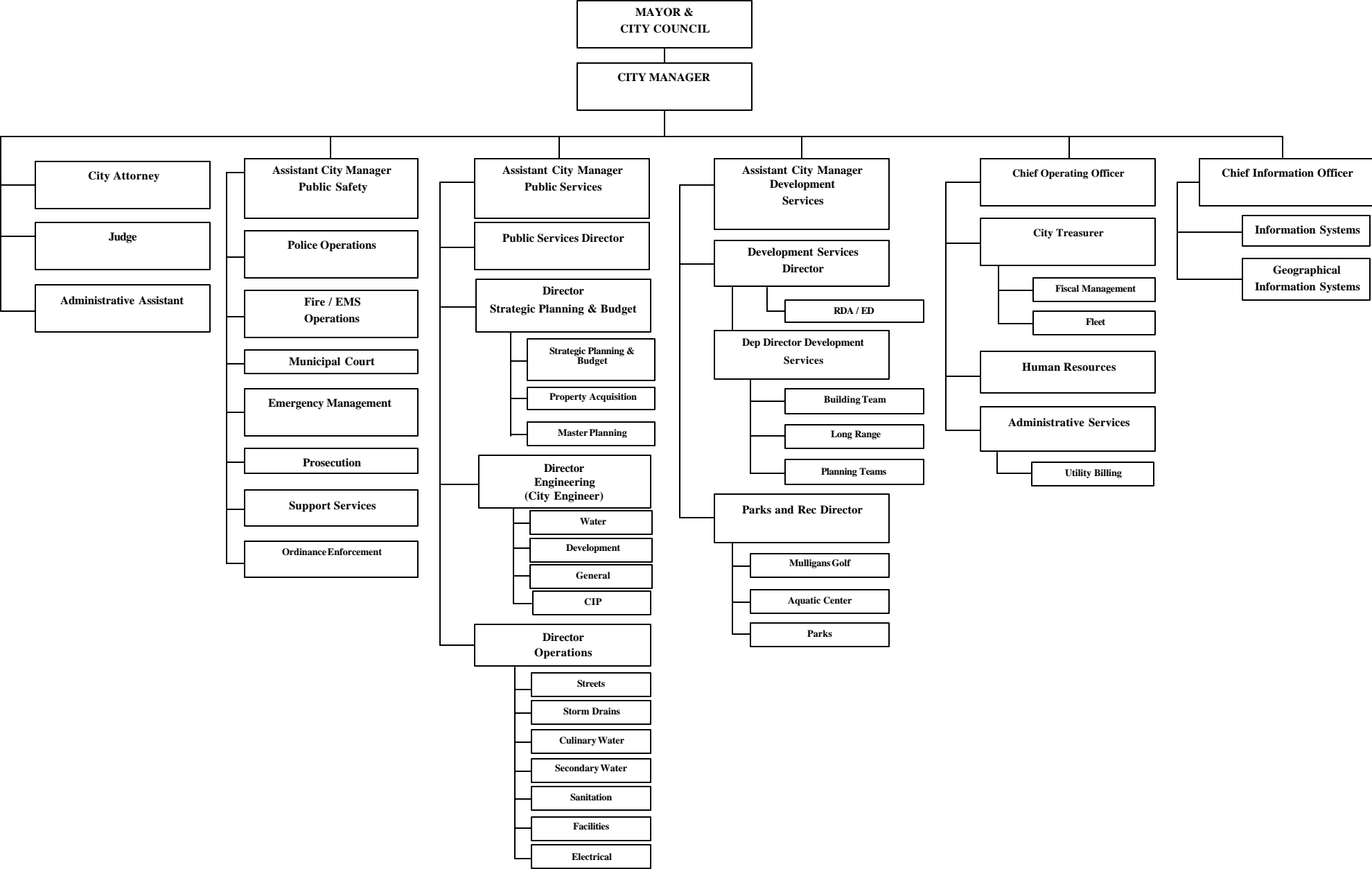
Nancy L. Ziehl

President

Jeffrey R. Emer

Executive Director

THE CITY OF SOUTH JORDAN ORGANIZATION CHART



CITY OF SOUTH JORDAN

List of Elected and Appointed Officials

June 30, 2005

Elected Officials

Mayor	William Kent Money
Council Member	David W. Colton
Council Member	Ann Gayheart
Council Member	Bradley G. Marlor
Council Member	Mary Wenner
Council Member	Leona Winger

Appointed Officials

City Manager	Ricky A. Horst
Assistant City Manager - Public Safety	Lindsay D. Shepherd
Assistant City Manager - Public Services	I. Robert Wall
Assistant City Manager - Development Services	Gary L. Whatcott
Municipal Court Judge	Clinton E. Balmforth
City Attorney	John H. Geilmann
City Treasurer	Dean Lundell

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FINANCIAL SECTION



SOUTH JORDAN

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AUDITOR'S REPORT



SOUTH JORDAN

U T A H

GILBERT & STEWART
CERTIFIED PUBLIC ACCOUNTANTS
A PROFESSIONAL CORPORATION

RANDEL A. HEATON, C.P.A.
LYNN A. GILBERT, C.P.A.
JAMES A. GILBERT, C.P.A.
BEN H. PROBST, C.P.A.

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INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and City Council
City of South Jordan, Utah

November 30, 2005

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of South Jordan, Utah (City) as of and for the year ended June 30, 2005, which collectively comprise the City's basic financial statements, as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of South Jordan as of June 30, 2005, and the respective changes in financial position and cash flows, where applicable, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have issued a report dated November 30, 2005 on our consideration of the City of South Jordan's internal control over financial reporting and on our test of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in conjunction with this report in considering the results of our audit.

The management's discussion and analysis and budgetary information are not a required part of the basic financial statements, but are supplementary information required by accounting principles generally accepted in the

United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of South Jordan's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

GILBERT & STEWART
Certified Public Accountants

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CITY OF SOUTH JORDAN, UTAH MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of South Jordan, we offer readers of the City's financial statement this narrative overview and analysis of the financial activities of the City for fiscal year ended June 30, 2005. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on page 3 of this report.

FINANCIAL HIGHLIGHTS

- The total net assets of the City of South Jordan increased 13.89% to \$153,204,924. This is made up of \$120,216,198 in capital assets net of related debt and \$32,988,726 in other net assets.
- As of June 30, 2005 the City's governmental funds reported a combined fund balance of \$18,573,534. This represents a 6.56% decrease from the previous year.
- The City's General Fund balance as of June 30, 2005 is \$3,397,040. This is a decrease of \$33,156 from last year's balance of \$3,430,196. Utah State Law allows that any balance in excess of 5% of the total estimated revenues may be utilized for budget purposes. The maximum fund balance allowed is 18% of estimated revenues. The City's General Fund balance is at the maximum level of 18%.
- As South Jordan continues to grow, so does its tax base. The City's tax revenue increased by 13.51% from a 2004 level of \$10,240,605 to \$11,623,773 in 2005.
- The City received total of \$12,902,735 in capital grants and contributions. These contributions consisted primarily of infrastructure assets, which were built by developers and then donated to the City.
- The City paid in full \$4.1 million in tax increment bonds. These bonds were paid with the proceeds from the sale of a City building, which was the collateral for the bonds.

REPORT/OVERVIEW

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

Government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The Statement of Net Assets presents information on all of the City's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating. However, you will also need to consider other nonfinancial factors.

The Statement of Activities presents information showing how the City's net assets changed during the fiscal year. All changes in net assets are reported when the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus revenues and expenses are taken into account regardless of when cash is received or paid.

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities).

The government-wide financial statements can be found on pages 29-31 of this report.

FUND FINANCIAL STATEMENTS

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City also uses fund accounting to ensure and demonstrate compliance with finance-related requirements. All of the funds of the City can be divided into two categories: governmental funds and proprietary funds.

Governmental Funds – Governmental Funds are used to account for the same functions reported as governmental activities in the government-wide financial statements. These fund statements focus on how money flows into and out of these funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and other financial assets that can be readily converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps users determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. We describe the relationship (or differences) between governmental activities and governmental funds in a reconciliation included with the fund financial statements.

The City maintains fifteen individual governmental funds. The following new special revenue funds were established by the City during the year:

- **Recreation Center Fund.** The revenue received is from user fees charged to users of the facility. Expenditures are made to operate and maintain the center.

- **Workers Compensation Fund.** The revenue source for this fund is transfers from the City's General Fund. This fund will accumulate funds, which will be used to pay future workers compensation claims.

Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General, Debt Service, Redevelopment Agency, Municipal Building Authority, and Construction, all of which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is elsewhere in this report.

The basic governmental fund financial statements can be found on pages 33-36 of this report.

Proprietary Funds – The City maintains one type of proprietary fund, which is an enterprise fund. *Enterprise funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for Water, Sanitation and Mulligans. These funds are all considered to be major funds of the City.

The basic proprietary fund financial statements can be found on pages 38-40 of this report.

Notes to the financial statements – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements begin on page 41 of this report.

Required Supplementary Information (RSI) – This section contains budget to actual statements for the City's General Fund as well as its only major special revenue fund, which is the Redevelopment Agency Fund. The RSI section begins on page 69.

Other Information – In addition to the above mentioned statements and reports, this report also presents other supplementary information as well as a statistical section to give additional and more detailed information to the reader. The supplemental section includes individual fund financial statements for the City's nonmajor funds as well as budget to actual statements for major funds not reported as RSI. The statistical section gives various financial and demographic data of the City, including trend analysis for certain financial data. The supplementary section begins on page 73, and the statistical section begins on page 97.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City of South Jordan, assets exceeded liabilities by \$153,204,924 as of June 30, 2005.

By far the largest portion of the City's net assets (78.47%) reflects its investments in capital assets (e.g., land, buildings, machinery, and equipment, improvements, construction in progress and infrastructure), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investments in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. The following table summarizes the City's Net Assets.

CITY OF SOUTH JORDAN'S NET ASSETS

	Governmental Activities		Business-Type Activities		Total	
	2005	2004	2005	2004	2005	2004
Current and other assets	\$ 36,285,336	\$ 36,608,601	\$ 23,306,460	\$ 27,655,948	\$ 59,591,796	\$ 64,264,549
Capital assets	115,156,800	106,474,669	66,153,533	55,059,705	181,310,333	161,534,374
Total assets	151,442,136	143,083,270	89,459,993	82,715,653	240,902,129	225,798,923
Long-term debt outstanding	36,131,477	40,951,671	38,231,989	38,736,686	74,363,466	79,688,357
Other liabilities	10,780,479	9,435,235	2,553,260	2,157,744	13,333,739	11,592,979
Total liabilities	46,911,956	50,386,906	40,785,249	40,894,430	87,697,205	91,281,336
Net assets						
Invested in capital assets, net of related debt	79,256,640	65,340,150	40,959,558	35,170,815	120,216,198	100,510,965
Restricted	5,526,916	7,371,459	4,189,093	1,843,649	9,716,009	9,215,108
Unrestricted	19,746,624	19,984,755	3,526,093	4,806,759	23,272,717	24,791,514
Total net assets	\$ 104,530,180	\$ 92,696,364	\$ 48,674,744	\$ 41,821,223	153,204,924	134,517,587

An additional portion of the City's net assets (6.34%) represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net assets of \$23,272,717 may be used to meet the government's ongoing obligations to citizens and creditors.

As of June 30, 2005, the City is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities.

Analysis of the City's Operations – The following table provides a summary of the City's operations for the year ended June 30, 2005. Net Assets for governmental activities increased by \$11,833,816, which is a increase \$1,608,408 from the previous year. Business-type activities increased by \$6,853,521 which represents an increase of \$1,537,582 from the previous year.

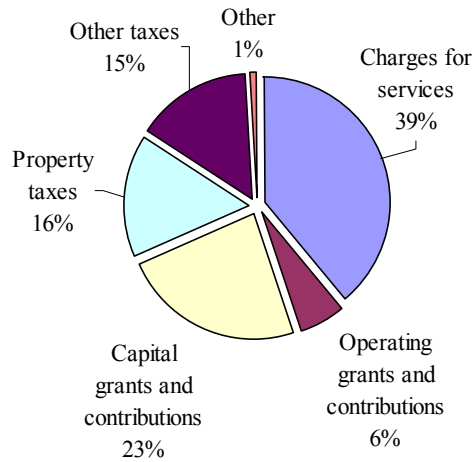
CITY OF SOUTH JORDAN'S CHANGES IN NET ASSETS

	Governmental Activities		Business-type Activities		Total	
	2005	2004	2005	2004	2005	2004
Revenues						
Program revenues:						
Charges for services	\$ 14,770,729	\$ 11,951,089	\$ 13,052,230	\$ 11,066,695	\$ 27,822,959	\$ 23,017,784
Operating grants and contributions	2,230,985	1,727,810	-	-	2,230,985	1,727,810
Capital grants and contributions	8,865,370	6,483,571	4,037,365	2,392,023	12,902,735	8,875,594
General Revenues:						
Property taxes	6,063,532	5,334,058	-	-	6,063,532	5,334,058
Other taxes	5,655,247	4,877,572	-	-	5,655,247	4,877,572
Other	315,668	879,795	29,710	8,422	345,378	888,217
Total revenues	<u>37,901,531</u>	<u>31,253,895</u>	<u>17,119,305</u>	<u>13,467,140</u>	<u>55,020,836</u>	<u>44,721,035</u>
Expenses:						
General Government	5,862,625	5,820,347	-	-	5,862,625	5,820,347
Public Safety	6,829,037	6,026,263	-	-	6,829,037	6,026,263
Public Works	6,460,953	4,943,240	-	-	6,460,953	4,943,240
Development Services	4,447,692	2,488,857	-	-	4,447,692	2,488,857
Interest on Long-Term Debt	1,956,191	2,007,526	-	-	1,956,191	2,007,526
Water	-	-	7,530,798	6,586,729	7,530,798	6,586,729
Sanitation	-	-	1,226,513	1,306,726	1,226,513	1,306,726
Mulligans	-	-	1,151,761	-	1,151,761	-
Total Expenses	<u>25,556,498</u>	<u>21,286,233</u>	<u>9,909,072</u>	<u>7,893,455</u>	<u>34,313,809</u>	<u>29,179,688</u>
Loss on Sale of Fixed Assets	(867,929)	-	-	-	(867,929)	-
Increase (decrease) in net assets before transfers	11,477,104	9,967,662	7,210,233	5,573,685	18,687,337	15,541,347
Transfers	356,712	257,746	(356,712)	(257,746)	-	-
Increase in net assets	<u>11,833,816</u>	<u>10,225,408</u>	<u>6,853,521</u>	<u>5,315,939</u>	<u>18,687,337</u>	<u>15,541,347</u>
Net assets, beginning	92,696,364	82,470,956	41,821,223	36,505,284	134,517,587	118,976,240
Net assets, ending	<u>\$104,530,180</u>	<u>\$ 92,696,364</u>	<u>\$ 48,674,744</u>	<u>\$ 41,821,223</u>	<u>\$153,204,924</u>	<u>\$134,517,587</u>

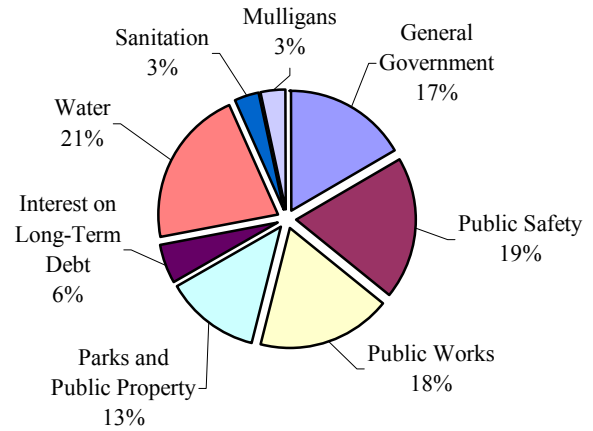
Impact fees are the primary source of revenue for program revenues, and property taxes are the primary source of general revenue. Most of the City's operating grants are related to public safety, while capital grants consist mostly of donated infrastructure assets.

The two graphs on the following page display South Jordan's government-wide revenues and expenses for the fiscal year ended June 30, 2005.

Total Revenues
Government-Wide Operations
of the City of South Jordan

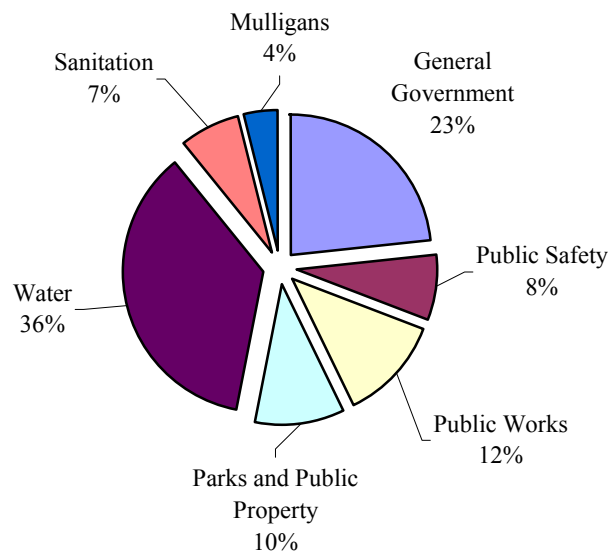


Total Expenses
Government-Wide Operations
of the City of South Jordan



The following graph displays details of the City's charges for services for the fiscal year ended June 30, 2005.

Charges for Services by Source
for the City of South Jordan



Financial Analysis of Government's Funds

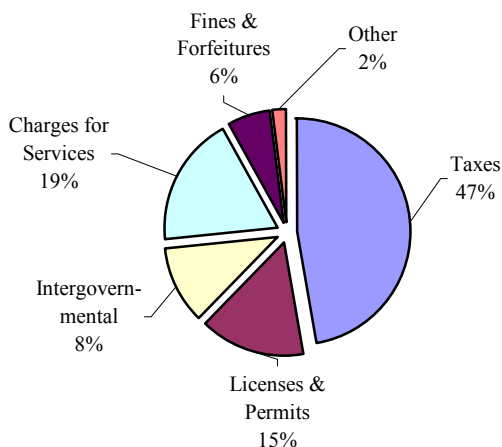
Governmental Funds. The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of June 30, 2005, The City's governmental funds (General, Capital Projects, Debt Service, & Special Revenue) reported combined fund balances of \$18,573,534. This represents a decrease of \$1,303,824 over last year's ending balances. Approximately 69% of the total fund balance (\$12,886,360) constitutes *unreserved fund balance*. This includes \$6,742,713, which is not reserved but is designated to be used for capital projects within the City. The remainder of the fund balance is reserved to indicate that it is not available for new spending because it has already been committed 1) to pay for debt service, 2) to pay for capital projects funded by impact fee revenue, 3) or for a variety of other restricted purposes.

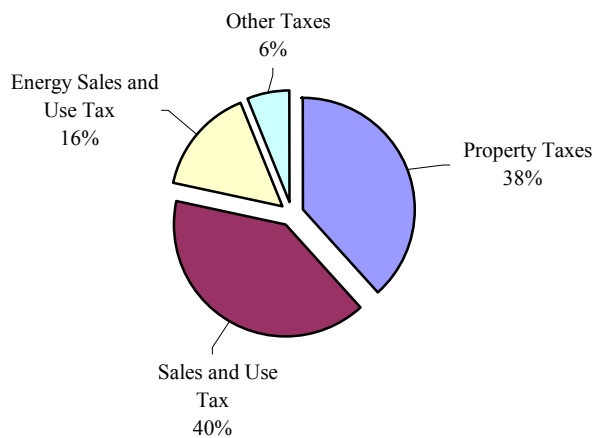
The General Fund is the chief operating fund of the City. All activities which are not required to be accounted for in separate funds either by state or local ordinance or by a desire to maintain a matching of revenues and expenses are accounted for in the fund. Expenditures exceeded revenues in the General Fund by \$33,156 during the year.

Taxes continue to be the largest source of revenue in the General Fund and represent 53% of total general fund revenues. The largest component of tax revenue is sales tax. Sales tax represents 40% of total tax revenues and 19% of total general fund revenues. This compares with 21% in the prior fiscal year ended June 30, 2004.

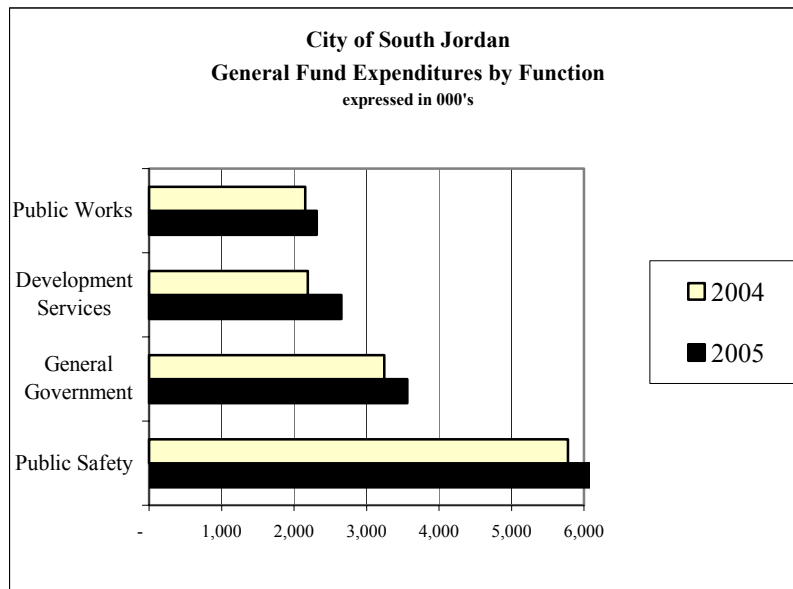
**City of South Jordan
General Fund Revenue by Source**



**Tax Revenue by Type
for the City of South Jordan**



General Fund expenditures increased from \$13,371,481 2004 to \$15,150,087 in 2005. This represents a 13.30% increase. The increase in expenditures is fairly consistent throughout all departments and is an indication of the rapid growth of the City, which results in greater needs for the City and its citizens. The chart below compares general fund expenditures between 2004 and 2005.



Enterprise Funds. The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. In summary, unrestricted net assets of the Water fund decreased from \$3,308,295 to \$767,740; increased from \$1,157,443 to \$2,063,141 in the sanitation fund, and increased from \$341,021 to \$695,212 in the Mulligans fund.

During fiscal year 2004-2005, water rates were adjusted to keep pace with the City's increase cost to purchase water. The base rate for residential customers remained at \$26.68 per month with consumption rates ranging from \$1.14 to \$1.58 per thousand gallons. The base rate for commercial customers increased from \$53.89 per month to \$56.59 per month with consumptions rates ranging from \$1.35 per thousand gallons to \$1.95 per thousand gallons. Higher rates are charged to consumers as their consumption increases. Other factors concerning the finances of these two funds have already been discussed in the discussion of South Jordan's business-type activities.

General Fund Budgetary Highlights

During the fiscal year, the General Fund original budget (not including transfers) was amended from an original budget expenditure total of \$14,974,317 to a final budget of \$15,770,841. All departments monitor their budgets closely and are required to stay within their budget. The mid-year adjustments which were made can be summarized as follows:

- General Government increased by \$215,321.
- Public Safety increased by \$718,571.
- Public Works decreased by \$528,549.
- Development Services increased by \$391,181.

During the year, actual revenues received exceeded budgeted revenues by \$1,870,890. Actual expenditures were less than budgeted expenditures by \$620,754. These surpluses were transferred to capital projects to assist in fulfilling the capital needs of the City.

Capital Assets and Debt Administration

Capital assets. The City of South Jordan's investment in capital assets for its governmental and business-type activities as of June 30, 2005, amounts to \$181,310,330 (net of accumulated depreciation). This investment in capital assets includes: and, buildings and structures, improvements, infrastructure (streets, sidewalks, etc.), machinery and equipment, and construction in progress. The total increase in the City's investment in fixed assets for the current year was 12% (an 8% increase for governmental activities and a 20% increase for business-type activities).

City of South Jordan's Capital Assets
(net of depreciation)

	Governmental activities		Business-type activities		Total	
	2005	2004	2005	2004	2005	2004
Land	\$ 8,099,623	\$ 11,984,229	\$ 12,134,910	\$ 12,112,250	\$ 20,234,533	\$ 24,096,479
Water Shares	-	-	17,688,682	17,116,232	17,688,682	17,116,232
Buildings	17,208,579	10,076,907	1,641,841	1,721,770	18,850,420	11,798,677
Improvements	5,496,522	3,878,888	106,471	-	5,602,993	3,878,888
Machinery & Equip	3,899,157	3,502,753	980,192	1,000,288	4,879,349	4,503,041
Infrastructure	76,796,104	70,453,241	22,707,506	18,895,731	99,503,610	89,348,972
Const in Progress	3,656,815	6,578,651	10,893,931	4,213,434	14,550,746	10,792,085
Total Capital Assets	\$ 115,156,800	\$ 106,474,669	\$ 66,153,533	\$ 55,059,705	\$ 181,310,333	\$ 161,534,374

Major capital asset events during the current fiscal year include the following:

- Completion of the City's Aquatic Fitness center at a final cost of \$8,425,894.
- Sale of the old South Jordan Elementary school building for \$3,237,000.
- \$7,898,677 spent to upgrade the City's culinary water system.
- \$387,708 towards the construction of 9800 South.
- \$8,253,242 in infrastructure assets contributed during FY 2004-05.

Additional information on the City's capital assets can be found on footnote 8 on page 58 of this report.

Long-term debt. At the end of fiscal year 2005, the City had a total bonded debt outstanding of \$68,630,000. All of this amount is represented by bonds secured solely by specific revenue sources. The City has no general obligation bonds outstanding.

City of South Jordan's Outstanding Debt
General Obligation and Revenue Bonds

	Governmental activities		Business-type activities		Total	
	2005	2004	2005	2004	2005	2004
General obligation bonds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Special Assessment debt						
with governmental commitment	6,740,000	7,170,000	-	-	6,740,000	7,170,000
Revenue Bonds	24,670,000	29,720,000	37,220,000	38,070,000	61,890,000	67,790,000
Total net assets	<u>\$ 31,410,000</u>	<u>\$ 36,890,000</u>	<u>\$ 37,220,000</u>	<u>\$ 38,070,000</u>	<u>\$ 68,630,000</u>	<u>\$ 74,960,000</u>

The City's total bonded debt decreased by \$6,330,000 during the current fiscal year. No new bonds were issued, and \$4.1 million in RDA increment bonds were retired with the sale of a City-owned building located at 1300 West and 104th South which was secured by the bonds.

The City currently maintains an "AA-" rating from both Standard and Poor's and Fitch.

State statutes limit the amount of general obligation debt a governmental entity may issue to 12% of the "reasonable fair cash value" of property within the City. Of this percent, a maximum of 4% may be used for general purposes. The current limitation for the City is \$107,787,970, which is significantly in excess of the City's outstanding general obligation debt. The remaining 8% and any unused portion of the 4% available for general purposes up to the maximum of 12% may be utilized for water, sewer, and electrical projects. The current limitation for all debt, including that used for water, sewer and electrical projects is thus \$323,363,909, which again significantly exceeds the outstanding city-wide debt.

Additional information on the City's long term-debt (or Outstanding Debt) can be found in footnote 10 on pages 61-63 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

- The unemployment rate for the State of Utah currently is 4.5%. This compares with a national unemployment rate of 5.0%. The 2004 unemployment rate was 5.4%. (Source: Utah Dept of Workforce Services)
- The General Fund budget for the fiscal year-ending June 30, 2005 reflects an increase of 13.3% over the final budget for the fiscal year-ended June 30, 2004.

- All rates the City charges for services are evaluated annually. As of July 1, 2005 the base rate for residential water service increased to \$28.02. Consumption rates were raised to a range between \$1.20 and \$1.66 per thousand gallons.

REQUEST FOR INFORMATION

This financial report is designed to provide a general overview of the City of South Jordan's finances for all those with an interest in the City's finances. Questions concerning any information provided in this report or requests for additional financial information should be addressed to: City of South Jordan, Chief Accountant, 1600 West Towne Center Drive, South Jordan, UT 84095, or call (801) 254-3742, or e-mail to snaidu@sjc.utah.gov.

BASIC FINANCIAL STATEMENTS



SOUTH JORDAN

U T A H

GOVERNMENT-WIDE FINANCIAL STATEMENTS



SOUTH JORDAN
U T A H

CITY OF SOUTH JORDAN

Statement of Net Assets June 30, 2005

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and Cash Equivalents	\$ 18,122,646	\$ 16,828,777	\$ 34,951,423
Restricted Cash	1,760,363	1,542,246	3,302,609
Receivables	15,226,775	1,567,400	16,794,175
Note Receivable	90,000	-	90,000
Inventories	26,130	26,718	52,848
Other Assets	303,346	2,496,153	2,799,499
Bond Issuance Costs (Net)	756,076	845,166	1,601,242
Capital Assets:			
Land	8,099,623	12,134,910	20,234,533
Water Shares	-	17,688,682	17,688,682
Buildings	19,047,622	1,960,145	21,007,767
Improvements	107,840,655	29,981,915	137,822,570
Machinery & Equipment	8,406,939	2,114,020	10,520,959
Construction in Progress	3,656,815	10,893,931	14,550,746
Less Accumulated Depreciation	(31,894,854)	(8,620,070)	(40,514,924)
Total Assets	<u>151,442,136</u>	<u>89,459,993</u>	<u>240,902,129</u>
LIABILITIES			
Accounts Payable	1,174,361	1,232,747	2,407,108
Unearned Revenue	6,415,246	-	6,415,246
Unamortized Bond Premium	125,321	818,708	944,029
Other Liabilities	2,292,187	72,994	2,365,181
Accrued Interest Payable	773,364	428,811	1,202,175
Long-term Liabilities			
Due Within One Year	2,636,171	2,341,646	4,977,817
Due in More Than One Year	33,495,306	35,890,343	69,385,649
Total Liabilities	<u>46,911,956</u>	<u>40,785,249</u>	<u>87,697,205</u>
NET ASSETS			
Invested in Capital Assets, net of related debt	79,256,640	40,959,558	120,216,198
Restricted for:			
Impact Fees	3,337,950	2,646,847	5,984,797
Debt Service	1,760,363	1,542,246	3,302,609
Perpetual Care			
Expendable	157,895	-	157,895
Non-expendable	270,708	-	270,708
Unrestricted	19,746,624	3,526,093	23,272,717
Total Net Assets	<u>\$ 104,530,180</u>	<u>\$ 48,674,744</u>	<u>\$ 153,204,924</u>

See accompanying notes.

CITY OF SOUTH JORDAN
Statement of Activities
For the Year Ended June 30, 2005

Activities	Net (Expense) Revenue and						
	Program Revenues				Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-type Activities	Total
Primary Government							
Governmental:							
General Government	\$ 5,862,625	\$ 6,459,964	\$ 139,861	\$ 496,733	\$ 1,233,933	\$ -	\$ 1,233,933
Public Safety	6,829,037	2,096,760	676,098	-	(4,056,179)	-	(4,056,179)
Public Works	6,460,953	3,337,655	1,415,026	8,368,637	6,660,365	-	6,660,365
Development Services	4,447,692	2,876,350	-	-	(1,571,342)	-	(1,571,342)
Interest on Long-Term Debt	1,956,191	-	-	-	(1,956,191)	-	(1,956,191)
Total Governmental Activities	25,556,498	14,770,729	2,230,985	8,865,370	310,586	-	310,586
Business-type:							
Water	7,530,798	10,001,697	-	4,037,365	-	6,508,264	6,508,264
Sanitation	1,226,513	1,947,040	-	-	-	720,527	720,527
Mulligan's	1,151,761	1,103,493	-	-	-	(48,268)	(48,268)
Total Business-type Activities	9,909,072	13,052,230	-	4,037,365	-	7,180,523	7,180,523
Total Primary Government	35,465,570	27,822,959	2,230,985	12,902,735	310,586	7,180,523	7,491,109
General Revenues:							
Property Taxes					6,063,532	-	6,063,532
Sales and Use Tax					3,658,972	-	3,658,972
Energy Sales and Use Tax					1,431,090	-	1,431,090
Other Taxes					565,185	-	565,185
Miscellaneous Revenue					65,208	-	65,208
Gain (loss) on disposition of capital assets					(867,929)	6,440	(861,489)
Unrestricted Investment Earnings					250,460	23,270	273,730
Transfers					356,712	(356,712)	-
Total General Revenues and Transfers					11,523,230	(327,002)	11,196,228
Change in Net Assets					11,833,816	6,853,521	18,687,337
Net Assets -- Beginning					92,696,364	41,821,223	134,517,587
Net Assets -- Ending					\$ 104,530,180	\$ 48,674,744	\$ 153,204,924

Governmental Fund Financial Statements

General Fund

The general fund is used to account for resources traditionally associated with government which are not required legally or by sound financial management to be accounted for in another fund

Debt Service Fund

The debt service fund is used to account for the accumulation of resources and payment of general obligation bond principal and interest from governmental resources and special assessment bond principal and interest from special assessment levies when the government is obligated in some manner for the payment.

Redevelopment Agency (RDA)

This fund is used to account for the activities of the Redevelopment Agency. The Agency is an entity established to further public purpose in the redevelopment of particular City areas.

Municipal Building Authority (MBA)

This fund is used to account for the construction of capital facilities of the City.

Construction Fund

This fund is used to account for the construction of budgeted capital projects of the City. Impact fees, intergovernmental grants and interest earnings are the principal sources of funding for these projects.

Nonmajor Funds

Nonmajor governmental funds are presented by fund type beginning on page 76.

CITY OF SOUTH JORDAN

Balance Sheet Governmental Funds June 30, 2005

			Special Revenue	Capital Projects		Nonmajor Governmental Funds	Total Governmental Funds
	General	Debt Service	RDA	MBA	Construction		
ASSETS							
Cash & Cash Equivalents	\$ 4,586,593	\$ 203,930	\$ 512,409	\$ 349,478	\$ 9,755,931	\$ 2,714,305	\$ 18,122,646
Restricted for Debt Service	-	1,033,500	-	726,863	-	-	1,760,363
Receivables	5,506,187	6,740,000	2,761,987	-	113,991	104,610	15,226,775
Notes Receivable	-	-	90,000	-	-	-	90,000
Inventories	26,130	-	-	-	-	-	26,130
Due from other funds	667	-	-	-	-	-	667
Other Assets	118,326	-	-	-	185,020	-	303,346
Total Assets	<u>\$ 10,237,903</u>	<u>\$ 7,977,430</u>	<u>\$ 3,364,396</u>	<u>\$ 1,076,341</u>	<u>\$ 10,054,942</u>	<u>\$ 2,818,915</u>	<u>\$ 35,529,927</u>
LIABILITIES AND FUND BALANCES							
LIABILITIES							
Accounts payable and Accrued Liabilities	561,484	-	335,693	-	209,766	67,417	1,174,360
Construction Bonds and Refunds	2,292,187	-	-	-	-	-	2,292,187
Due to Other Funds	-	-	-	-	-	667	667
Deferred Revenue	333,933	6,740,000	-	-	-	-	7,073,933
Unearned Revenue	3,653,259	-	2,761,987	-	-	-	6,415,246
Total Liabilities	<u>6,840,863</u>	<u>6,740,000</u>	<u>3,097,680</u>	<u>-</u>	<u>209,766</u>	<u>68,084</u>	<u>16,956,393</u>
FUND BALANCES							
Reserved for:							
Debt Service	-	1,033,500	-	726,863	-	-	1,760,363
Impact Fees	-	-	-	-	3,337,950	-	3,337,950
Long-term Note Receivable	-	-	-	-	113,991	-	113,991
Perpetual Care	-	-	-	-	-	270,708	270,708
Federal & State Grants	59,706	-	-	-	-	-	59,706
Other	144,456	-	-	-	-	-	144,456
Unreserved, Reported In							
General Fund	3,192,878	-	-	-	-	-	3,192,878
Capital Projects Funds	-	-	-	349,478	6,393,235	-	6,742,713
Debt Service Funds	-	203,930	-	-	-	-	203,930
Special Revenue Funds	-	-	266,716	-	-	-	266,716
Permanent Funds	-	-	-	-	-	2,480,123	2,480,123
Total Fund Balances	<u>3,397,040</u>	<u>1,237,430</u>	<u>266,716</u>	<u>1,076,341</u>	<u>9,845,176</u>	<u>2,750,831</u>	<u>18,573,534</u>
Total Liabilities and Fund Balances	<u>\$ 10,237,903</u>	<u>\$ 7,977,430</u>	<u>\$ 3,364,396</u>	<u>\$ 1,076,341</u>	<u>\$ 10,054,942</u>	<u>\$ 2,818,915</u>	

Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources.	115,156,800
Other long-term assets are not available to pay for current-period expenditures.	7,073,933
Long-term liabilities, including bonds payable, are not due and payable in the current period.	(36,274,087)
Net assets of governmental activities	<u>\$ 104,530,180</u>

CITY OF SOUTH JORDAN

Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For the Year Ended June 30, 2005

			Special Revenue		Capital Projects			
							Nonmajor	Total
	General	Debt Service	RDA	MBA	Construction		Governmental	Governmental
							Funds	Funds
REVENUES								
Taxes	\$ 9,175,242	\$ -	\$ 2,446,643	\$ -	\$ -	\$ 1,888	\$	11,623,773
Licenses & Permits	2,948,658	-	-	-	-	-		2,948,658
Intergovernmental	2,124,881	-	-	-	-	106,103		2,230,984
Charges for Services	3,660,082	-	-	-	-	1,107,462		4,767,544
Fines & Forfeitures	1,189,595	-	-	-	-	-		1,189,595
Special Assessments	-	926,733	-	-	-	-		926,733
Interest	250,460	23,849	312	51,642	89,903	53,681		469,847
Impact Fees	-	-	-	-	5,333,222	-		5,333,222
Miscellaneous	112,243	150,180	38,602	-	75,622	886		377,533
Total Revenues	19,461,161	1,100,762	2,485,557	51,642	5,498,747	1,270,020		29,867,889
EXPENDITURES								
Current								
General Government	3,564,908	-	293,876	-	-	88,116		3,946,900
Public Safety	6,619,809	-	-	-	-	-		6,619,809
Public Works	2,311,903	-	-	-	-	456,073		2,767,976
Development Services	2,653,467	-	-	-	-	580,217		3,233,684
Capital Outlay & Projects	-	-	616,014	1,385,871	8,555,960	328,175		10,886,020
Tax Increment Distributions	-	-	581,406	-	-	-		581,406
Debt Service								
Principal Retirement	-	1,583,502	4,133,392	325,000	-	-		6,041,894
Interest and Fees	-	1,410,748	195,756	400,295	-	-		2,006,799
Total Expenditures	15,150,087	2,994,250	5,820,444	2,111,166	8,555,960	1,452,581		36,084,488
Excess (Deficiency) of Revenues over Expenditures	4,311,074	(1,893,488)	(3,334,887)	(2,059,524)	(3,057,213)	(182,561)		(6,216,599)
Othr Financing Sources (Uses)								
Proceeds from Long-Term Debt	-	-	-	-	1,246,924	-		1,246,924
Sale of Capital Assets	-	-	3,237,000	-	72,139	-		3,309,139
Transfers In	210,259	1,937,315	755,000	702,099	3,625,610	562,200		7,792,483
Transfers Out	(4,554,489)	-	(1,424,000)	-	(1,449,536)	(7,746)		(7,435,771)
Total Other Financing Sources (Uses)	(4,344,230)	1,937,315	2,568,000	702,099	3,495,137	554,454		4,912,775
Net Change in Fund Balance	(33,156)	43,827	(766,887)	(1,357,425)	437,924	371,893		(1,303,824)
Fund Balances - July 1	3,430,196	1,193,603	1,033,603	2,433,766	9,407,252	2,378,938		19,877,358
Fund Balances - June 30	\$ 3,397,040	\$ 1,237,430	\$ 266,716	\$ 1,076,341	\$ 9,845,176	\$ 2,750,831	\$	18,573,534

See accompanying notes.

CITY OF SOUTH JORDAN
Reconciliation of The Statement of Revenues,
Expenditures, and Changes in Fund Balances of Governmental Funds
To The Statement of Activities
For the Year Ended June 30, 2005

Amounts reported for governmental activities in the statement of activities
are different because:

Net Change in Fund Balance -- Total Governmental Funds	\$ (1,303,824)
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	4,490,566
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net assets.	4,191,567
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(334,994)
Bond proceeds and capital leases provide current financial resources to governmental funds by issuing debt which increases long-term liabilities in the statement of net assets. Repayments of bond and capital lease principal are expenditures in the governmental funds, but reduce liabilities in the statement of net assets.	4,846,057
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	<u>(55,556)</u>
Change in net assets of governmental activities	<u><u>\$ 11,833,816</u></u>

See accompanying notes.

Proprietary Fund Financial Statements

Water Fund

This fund is used to account for the activities of the City's water operations.

Sanitation Fund

This fund is used to account for the activities of the City's sanitation operations.

Mulligans

This fund is used to account for the operation of Mulligan's Golf & Games. This City recreation facility includes golf, miniature golf, a driving range, and batting cages.

CITY OF SOUTH JORDAN

Statement of Net Assets

Proprietary Funds

June 30, 2005

	Business-type Activities - Enterprise Funds			
	Water Fund	Sanitation Fund	Mulligans Fund	Total
ASSETS				
Current Assets				
Cash & Cash Equivalents	\$ 16,389,738	\$ 1,479	\$ 437,560	\$ 16,828,777
Accounts Receivable	1,313,930	253,470	-	1,567,400
Inventories	-	-	26,718	26,718
Other Current Assets	20,582	107,193	1,891	129,666
Due from Other Funds	-	-	-	-
Total Current Assets	<u>17,724,250</u>	<u>362,142</u>	<u>466,169</u>	<u>18,552,561</u>
Noncurrent Assets				
Restricted Cash	655,446	-	886,800	1,542,246
Investment in Landfill	-	2,366,487	-	2,366,487
Bond Issuance Costs	608,128	-	331,761	939,889
Accumulated Amortization	(72,606)	-	(22,117)	(94,723)
Capital Assets				
Land	2,117,963	-	10,016,947	12,134,910
Water Shares	17,688,682	-	-	17,688,682
Buildings and Structures	1,260,345	-	699,800	1,960,145
Improvements - Other than Buildings	29,854,601	-	127,314	29,981,915
Machinery and Equipment	1,497,486	497,920	118,614	2,114,020
Construction in Progress	10,893,931	-	-	10,893,931
Less Accumulated Depreciation	(8,463,172)	(67,209)	(89,689)	(8,620,070)
Capital Assets (Net of Accum Depreciation)	<u>54,849,836</u>	<u>430,711</u>	<u>10,872,986</u>	<u>66,153,533</u>
Total Noncurrent Assets	<u>56,040,804</u>	<u>2,797,198</u>	<u>12,069,430</u>	<u>70,907,432</u>
Total Assets	<u>73,765,054</u>	<u>3,159,340</u>	<u>12,535,599</u>	<u>89,459,993</u>
LIABILITIES				
Current Liabilities				
Accounts Payable	1,093,054	128,889	10,803	1,232,746
Accrued Liabilities	28,985	168	29,219	58,372
Interest Payable	376,684	18,493	33,634	428,811
Construction Bonds and Refunds	14,622	-	-	14,622
Current Portion Compensated Absences	19,797	-	6,945	26,742
Current Portion Note Payable	-	414,173	-	414,173
Current Portion Bonds Payable	949,957	88,700	920,000	1,958,657
Current Portion Capital Leases Payable	17,031	390,387	-	407,418
Total Current Liabilities	<u>2,500,130</u>	<u>1,040,810</u>	<u>1,000,601</u>	<u>4,541,541</u>
Noncurrent Liabilities				
Unamortized Bond Premium	818,708	-	-	818,708
Bonds Payable	23,845,000	-	11,580,000	35,425,000
Total Noncurrent Liabilities	<u>24,663,708</u>	<u>-</u>	<u>11,580,000</u>	<u>36,243,708</u>
Total Liabilities	<u>27,163,838</u>	<u>1,040,810</u>	<u>12,580,601</u>	<u>40,785,249</u>
NET ASSETS				
Investment in Capital Assets, net of related debt	42,531,183	55,389	(1,627,014)	40,959,558
Restricted for:				
Impact Fees	2,646,847	-	-	2,646,847
Debt Service	655,446	-	886,800	1,542,246
Unrestricted	767,740	2,063,141	695,212	3,526,093
Total Net Assets	<u>\$ 46,601,216</u>	<u>\$ 2,118,530</u>	<u>\$ (45,002)</u>	<u>\$ 48,674,744</u>

See accompanying notes.

CITY OF SOUTH JORDAN

Statement of Revenues, Expenses, and Changes in Fund Net Assets Proprietary Funds For the Year Ended June 30, 2005

	Business-type Activities - Enterprise Funds			
	Water Fund	Sanitation Fund	Mulligan's Fund	Total
Operating Revenues				
Charges for Services				
Operations	\$ -	\$ 1,862,046	\$ 1,074,508	\$ 2,936,554
Pledged as Security for Revenue Bonds	7,464,297	-	-	7,464,297
Miscellaneous	39,459	-	1,891	41,350
Total Operating Revenue	<u>7,503,756</u>	<u>1,862,046</u>	<u>1,076,399</u>	<u>2,977,904</u>
Operating Expenses				
Costs of Services	4,613,216	1,044,999	703,283	6,361,498
General and Administrative	606,343	147,955	1,374	755,672
Depreciation	1,119,659	33,559	89,690	1,242,908
Total Operating Expenses	<u>6,339,218</u>	<u>1,226,513</u>	<u>794,347</u>	<u>8,360,078</u>
Operating Income (Loss)	<u>1,164,538</u>	<u>635,533</u>	<u>282,052</u>	<u>(5,382,174)</u>
Non-Operating Revenues (Expenses)				
Impact Fees	2,057,036	-	-	2,057,036
Increase in Joint Venture	-	84,994	-	84,994
Interest	460,835	74	30,360	491,269
Gain on Sale of Fixed Assets	6,440	-	-	6,440
Amortization of Bond Issuance Costs	(30,407)	-	(22,117)	(52,524)
Interest Expense	(1,161,173)	-	(335,297)	(1,496,470)
Total Non-Operating Revenue (Expenses)	<u>1,332,731</u>	<u>85,068</u>	<u>(327,054)</u>	<u>1,090,745</u>
Net Income (Loss) Before Contributions and Transfers	<u>2,497,269</u>	<u>720,601</u>	<u>(45,002)</u>	<u>3,172,868</u>
Contributions and Transfers				
Capital Contributions	4,037,365	-	-	4,037,365
Transfers Out	(132,929)	(223,783)	-	(356,712)
Total Contributions & Operating Transfers	<u>3,904,436</u>	<u>(223,783)</u>	<u>-</u>	<u>3,680,653</u>
Change in Net Assets	<u>6,401,705</u>	<u>496,818</u>	<u>(45,002)</u>	<u>6,853,521</u>
Total Net Assets - Beginning	<u>40,199,511</u>	<u>1,621,712</u>	<u>-</u>	<u>41,821,223</u>
Total Net Assets - Ending	<u>\$ 46,601,216</u>	<u>\$ 2,118,530</u>	<u>\$ (45,002)</u>	<u>\$ 48,674,744</u>

See accompanying notes.

CITY OF SOUTH JORDAN

Statement of Cash Flows Proprietary Funds For The Year Ended June 30, 2005

	Water Fund	Sanitation Fund	Mulligans	Totals
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from Customers and Users	\$ 7,471,007	\$ 1,854,453	\$ 1,084,854	\$ 10,410,314
Payments to Suppliers	(3,456,105)	(1,098,317)	(236,711)	(4,791,133)
Interfund Services	(606,343)	(147,955)	(1,374)	(755,672)
Payments to Employees	(788,020)	(42,173)	(428,432)	(1,258,625)
Net cash provided (used) by operating activities	<u>2,620,539</u>	<u>566,008</u>	<u>418,337</u>	<u>3,604,884</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Advances from other funds	582,013	(582,013)	-	-
Transfers Out	(132,929)	(223,783)	-	(356,712)
Net Cash Provided (Used) by Noncapital Activities	<u>449,084</u>	<u>(805,796)</u>	<u>-</u>	<u>(356,712)</u>
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES				
Impact fees	2,057,036	-	-	2,057,036
Purchase of capital assets	(8,132,992)	-	(166,378)	(8,299,370)
Proceeds from sale of capital assets	6,440	-	-	6,440
Proceeds from capital debt	-	479,088	-	479,088
Proceeds from capital leases	91,988	-	-	91,988
Payment of bond issuance costs	-	-	(18,977)	(18,977)
Principal paid on capital debt	(850,000)	(237,895)	-	(1,087,895)
Interest paid on capital debt	(1,211,506)	-	(301,663)	(1,513,169)
Net cash provided (used) by capital and related financing activities	<u>(8,039,034)</u>	<u>241,193</u>	<u>(487,018)</u>	<u>(8,284,859)</u>
CASH FLOW FROM INVESTING ACTIVITIES				
Interest Income	460,835	74	30,360	491,269
Net increase (decrease) in cash and cash equivalents	<u>(4,508,576)</u>	<u>1,479</u>	<u>(38,321)</u>	<u>(4,545,418)</u>
Cash and cash equivalents - beginning of year	21,553,760	-	1,362,681	22,916,441
Cash and cash equivalents - end of year	<u>\$ 17,045,184</u>	<u>\$ 1,479</u>	<u>\$ 1,324,360</u>	<u>\$ 18,371,023</u>
Reconciliation of operating income to net cash provided (used) by operating activities:				
Operating Income (Loss)	\$ 1,164,538	\$ 635,533	\$ 282,052	\$ 2,082,123
Adjustments to reconcile operating income to net cash provided (Used) by operating activities:				
Depreciation expense	1,119,659	33,559	89,690	1,242,908
(Increase) decrease in receivables	(30,234)	(7,593)	(1,891)	(39,718)
(Increase) decrease in inventory	20,577	-	2,434	23,011
(Increase) decrease in other current assets	(20,582)	(88,701)	-	(109,283)
Increase (decrease) in accounts payable	362,359	(5,390)	9,884	366,853
Increase (decrease) in accrued liabilities	(1,395)	(962)	29,223	26,866
Increase (decrease) in accrued vacation and sick leave	5,617	(438)	6,945	12,124
Total Adjustments	<u>1,456,001</u>	<u>(69,525)</u>	<u>136,285</u>	<u>1,522,761</u>
Net cash provided (used) by operating activities	<u>\$ 2,620,539</u>	<u>\$ 566,008</u>	<u>\$ 418,337</u>	<u>\$ 3,604,884</u>
Noncash investing, capital, and financing activities:				
Contributions of capital assets from developers	4,037,365	-	-	4,037,365
Increase in equity investment in Trans-Jordan Landfill	-	84,994	-	84,994

See accompanying notes.

NOTES TO THE FINANCIAL STATEMENTS



CITY OF SOUTH JORDAN
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2005

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of South Jordan (the City) financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989 (when applicable) that do not conflict with or contradict GASB pronouncements. The City applies FASB pronouncements issued after that date to its business-type activities and enterprise funds. The more significant accounting policies established in GAAP and used by the City are discussed below.

In June 1999, the Governmental Accounting Standards Board (GASB) unanimously approved Statement No.34, Basic Financial Statements---and Management's Discussion and Analysis---for State and Local Governments.

The financial statements include:

- A Management Discussion and Analysis (MD&A) section providing an analysis of the City's overall financial position and results of operations.
- Financial statements prepared using full accrual accounting for all of the City's activities, including infrastructure (roads, bridges, etc.).
- A change in the fund financial statements to focus on the major funds.

A. Reporting Entity

The City of South Jordan was incorporated on November 8, 1935, under laws of the State of Utah. Under the present form of government, administrative and legislative powers are vested in a governing body, consisting of the Mayor and a five-member City Council. They are assisted by a City Manager, who also is the City's budget officer. The Finance Director is currently responsible for the financial matters of the City, including money management, accounts payable, financial statements, and accounts receivable.

The City provides the following services as mandated by law: Public Safety, Judicial Services, Highways and Streets, Sanitation, Parks, Cemetery, Water, Public Improvements, Planning and Zoning, and General Administrative Services.

CITY OF SOUTH JORDAN
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2005

NOTE 1 – SUMMARY (*CONTINUED*)

The Comprehensive Annual Financial Report of the City includes the financial statements for all activities of the City based upon the criteria set forth in Governmental Accounting Standards Board (GASB) statement 14. The primary criteria for including a board or agency in this report is financial accountability which determines whether an entity is a component unit of the financial reporting entity. Blended component units, although legally separate entities, are in substance, part of the government's operations and so data from these units are combined with data of the primary government. Discretely presented component units are reported in a separate column in the combined financial statements to emphasize they are legally separate from the City.

Blended Component Units.

The Municipal Building Authority was created by the City during fiscal year 1995 and is governed by the City's Mayor and Council. The authority uses the proceeds of its tax-exempt bonds to finance the construction or acquisition of general capital assets for the City. The bonds are secured by a lease agreement with the City and will be retired through lease payments from the City. The financial statements of the Municipal Building Authority are included in the accompanying financial statements as a blended component unit.

The Redevelopment Agency is governed by a separate governing board, who are the City's Mayor and Council. The financial statements of the Redevelopment Agency are included in the accompanying financial statements as a blended component unit.

The Municipal Building Authority and the Redevelopment Agency are considered blended component units since the governing board in each case is the same governing board of the City.

The Municipal Building Authority is presented as a capital projects fund and the Redevelopment Agency is presented as a special revenue fund in the financial statements

Complete financial statements for each of the individual component units may be obtained at the entity's administrative offices.

South Jordan City Municipal Building Authority
1600 West Town Center Drive
South Jordan City, Utah 84095

South Jordan City Redevelopment Agency
1600 West Town Center Drive
South Jordan City, Utah 84095

CITY OF SOUTH JORDAN
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2005

B. Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of net assets and the statements of changes in net assets) report information on all of the activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which are normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting and Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified basis of accounting. Revenues are recognized when susceptible to accrual (i.e., when they are “measurable and available”). “Measurable” means the amount of the transaction can be determined and “available” means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The government considers all revenues available if they are collected within 60 days after the year-end. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on general long-term debt as well as expenditures related to compensated absences, claims, and judgments, which are recorded only when payment is due.

CITY OF SOUTH JORDAN
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2005

NOTE 1 – SUMMARY (*CONTINUED*)

Property taxes, sales taxes, franchise taxes, and earned but unreimbursed state and federal grants associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenue of the current fiscal period. Only the portion of the special assessments receivable due within the fiscal period is considered susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The government reports the following major governmental funds:

The *General Fund* is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.

The *Debt Service Fund* is used to account for the accumulation of resources for, and the payment of, long-term debt principal, interest, and related costs.

The *Redevelopment Agency Special Revenue Fund* accounts for the activities of the agency, a blended component unit of the City. The agency is an entity established to further public purpose in the redevelopment of particular City areas.

The *Municipal Building Authority Capital Projects Fund* accounts for the activities of the authority, a blended component unit of the City. The fund accounts for the construction of the capital facilities of the City.

The *Construction Capital Projects Fund* accounts for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by the proprietary fund).

The government reports the following major proprietary funds:

The *Water Fund* accounts for the activities of the City's water operations.

The *Sanitation Fund* accounts for the activities of the City's sanitation operations.

The *Mulligan's Fund* accounts for the activities of the recreation facility.

CITY OF SOUTH JORDAN
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2005

NOTE 1 – SUMMARY (*CONTINUED*)

Additionally the government reports the following fund types:

Special Revenue Funds are used to account for proceeds of specific revenue sources (other than sources for major capital projects) that are legally restricted to expenditures for specified purposes.

Permanent Funds accounts for resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support the reporting government's program.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statement. Exceptions to this general rule are payments to the general fund by the various enterprise funds for providing administrative services for such funds. Elimination of these charges would distort the direct costs and program revenue reported for the various functions concerned.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principle ongoing operations.

D. Assets, Liabilities, and Net Assets or Equity

1. Deposits and investments

The City's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

Investments consist of amounts deposited with Utah Public Treasurers' Investment Fund, treasury bills of the U.S. Government, and money market funds. Investments are stated at fair value, which approximates cost.

2. Receivables and payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/due from other funds".

CITY OF SOUTH JORDAN
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2005

NOTE 1 – SUMMARY (*CONTINUED*)

3. Inventories and prepaid items

All inventories are valued at cost using the first-in/first-out (FIFO) method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

4. Restricted Assets

Restricted assets are comprised of cash restricted for future payments of principal and interest on debt services. It is the policy of the City to use restricted assets and then unrestricted assets.

5. Capital assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Property, plant, and equipment of the primary government is depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings and structures	30-50
Improvements other than buildings	20-50
Infrastructure	30-50
Machinery and equipment	5-10
Furniture and fixtures	5-10

CITY OF SOUTH JORDAN
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2005

NOTE 1 – SUMMARY (*CONTINUED*)

6. Compensated Absences

City employees accrue earned vacation and sick leave throughout the year. They are allowed to carry forward into the next calendar year accrued vacation up to 240 hours and all sick leave, but are encouraged to take their vacation leave within the calendar year in which it is earned. All employees are required to take at least one full week of vacation leave during the calendar year. Upon termination of employment, an employee will be compensated for all unused vacation leave, but forfeits any accumulated sick leave.

All vacation pay is accrued when incurred in the government-wide, proprietary, and fiduciary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

7. Taxes

In Utah, county governments assess, levy, collect and disburse two principal types of tax: (1) personal property tax which is assessed on business assets other than real estate, and (2) tax on real estate and improvements. Business personal property and real estate taxes attach as an enforceable lien on property as of January 1st. Taxes are levied on all business personal property on January 1st and real estate and improvement taxes are levied on January 1st and are payable by November 30th. The real property taxes that are due in November are reported as a receivable from property taxes on the financial statements. Because these taxes are not considered available to liquidate liabilities of the current period, they are offset by deferred revenue.

The City Council is authorized by state statute to levy a tax against all real and personal property located within its boundaries. The Council must set a tax rate by June 22nd each year. The County Treasurer, acting as a tax collector, must settle and disburse all tax collections to all taxing entities on a routine basis.

8. Long-term obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

CITY OF SOUTH JORDAN
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2005

NOTE 1 – SUMMARY (*CONTINUED*)

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the accrual debt proceeds received, are reported as debt service expenditures.

9. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

10. Use of Estimates

Presenting financial statements in conformity with Generally Accepted Accounting Principles requires management to make certain estimates concerning assets, liabilities, revenues, and expenses. Actual results may vary from these estimates.

NOTE 2 – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net assets

The governmental fund balance sheet includes a reconciliation between *fund balance – total governmental funds* and *net assets – governmental activities* as reported in the government-wide statement of net assets.

This difference primarily results from the long-term economic focus of the statement of net assets versus the current financial resources focus of the governmental fund balance sheets.

Capital related items:

When capital assets (property, plant, and equipment) that are to be used in governmental activities are purchased or constructed, the cost of these assets are reported as expenditures in governmental funds. However, the statement of net assets includes those capital assets among the assets of the city as a whole.

CITY OF SOUTH JORDAN
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2005

NOTE 2 – RECONCILIATION (*CONTINUED*)

Cost of capital assets	\$147,051,654
Accumulated depreciation	<u>(31,894,854)</u>
Net adjustment to increase <i>fund balance - total governmental funds</i> to arrive at <i>net assets - assets – governmental activities</i>	<u>\$ 115,156,800</u>

Long-term debt transactions:

Long-term liabilities applicable to the City's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities in the fund statements. All liabilities (both current and long-term) are reported in the statement of net assets.

Bonds payable	\$ 31,410,000
Less: Deferred charge for issuance – Costs (to be amortized over life of debt)	(756,076)
Plus: Bond premium (to be amortized to interest income)	125,321
Accrued interest payable	773,364
Capital lease payable	2,040,852
Compensated absences	490,660
Notes Payable	<u>2,189,966</u>
Net adjustment to reduce <i>fund balance – total governmental funds</i> to arrive at <i>net assets – governmental activities</i>	<u>\$ 36,274,087</u>

Long Term Assets:

Long term assets applicable to the city's governmental activities which are not available to pay expenses of the current period are deferred in the fund statements. However in the statement of net assets, the charges were reported as revenue when earned.

Special assessments	\$6,740,000
Delinquent property taxes	<u>333,933</u>
Net adjustment to increase <i>fund balance – total governmental funds</i> to arrive at <i>net assets – governmental activities</i>	<u>\$ 7,073,933</u>

CITY OF SOUTH JORDAN
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2005

B. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities

The governmental fund statement of revenues, expenditures and changes in fund balances includes a reconciliation between *net changes in fund balances – total governmental funds* and *changes in net assets of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that “governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.”

Capital outlay	\$ 10,311,495
Depreciation expense	<u>(5,820,929)</u>

Net adjustment to increase <i>net changes in fund balances- total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	<u>\$ 4,490,566</u>
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Another element of that reconciliation states that “The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase net assets.”

In the statement of activities, only the <i>gain</i> on the sale of capital assets is reported. However, in the Governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net assets differs from the change in fund balance by the cost of the capital assets sold.	(\$4,177,070)
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Capital assets donated by outside parties are recorded as revenues in the statement of activities thus the net assets increase by the value of the donated assets	<u>8,368,637</u>
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Net adjustment to increase <i>net changes in fund balances – total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	<u>\$4,191,567</u>
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Another element of that reconciliation states that “revenues in the statement of activities that do not provide current financial resources are not reported as revenues and are deferred in the funds.”

CITY OF SOUTH JORDAN
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2005

NOTE 2 – RECONCILIATION (*CONTINUED*)

However in the statements of activities revenue is reported when earned. Thus the change is to reduce revenue by the amount of the previously reported revenue.

Special assessments	(\$430,000)
Delinquent property taxes	<u>95,006</u>
Net adjustments	<u>(\$334,994)</u>

Another element of that reconciliation states “The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds”. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.

Debt issued or incurred:

Capital lease	(\$ 826,924)
Note payable – Building purchase	(420,000)
Issuance cost amortization	<u>(65,561)</u>
Total debt incurred	<u>(1,312,485)</u>

Principal payments

Capital leases	375,938
Redevelopment tax increment bonds	4,100,000
Municipal Building Authority Bond	325,000
Excise tax road bond	265,000
Sales tax revenue bond	360,000
Special Improvement Bond	430,000
Notes payable	254,844
Claims and judgments	40,757
Bond premium amortization	<u>7,003</u>
Total principal payments	<u>6,158,542</u>

Net adjustments to decrease *net changes in fund balances-total*
Governmental funds to arrive at *changes in net assets of*
governmental activities

\$ 4,846,057

CITY OF SOUTH JORDAN
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2005

NOTE 2 – RECONCILIATION (*CONTINUED*)

Another element of that reconciliation states, “Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.”

Compensated absences	(\$ 84,424)
Accrued interest	<u>28,868</u>
Net adjustment to decrease <i>net changes in fund balances – total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	<u>(\$ 55,556)</u>

NOTE 3 – BUDGETS AND BUDGETARY ACCOUNTING

Annual budgets are prepared and adopted in accordance with the Uniform Fiscal Procedures Act adopted by the State of Utah. Once a budget has been adopted, it remains in effect until it has been formally revised. Furthermore, in accordance with state law, all appropriations lapse at the end of the budget year. If any obligations are contracted for and are in excess of adopted budget, they are not a valid or enforceable claim against the City. Budgets are adopted on a basis consistent with generally accepted accounting principles. All funds of the City have legally adopted budgets.

The City adheres to the following procedures in establishing the budgetary data reflected in the financial statements:

- A. On or before the first regularly scheduled meeting of the City Council in May, the City manager, authorized under state statute to be appointed budget officer, submits a proposed operation budget. The operating budget includes proposed expenditures and the means of financing them.
- B. A public hearing is held at which time the taxpayers’ comments are heard. Notice of the hearing is given in the local newspaper at least seven days prior to the hearing. Copies of the proposed budget are made available for public inspection ten days prior to the public hearing.
- C. On or before June 22nd, a final balanced budget must be adopted through passage of a resolution for the subsequent fiscal year beginning July 1st.
- D. Control of budgeted expenditures is exercised, under state law, at the departmental level. The City Manager, however, acting as budget officer, has the authority to transfer budget appropriations between line items within any department of any budgetary fund. The City Council, by resolution, has the authority to transfer budget appropriations between the individual departments of any budgetary fund.

CITY OF SOUTH JORDAN
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2005

NOTE 3 – BUDGETS AND BUDGETARY ACCOUNTING (CONTINUED)

- E. Budget appropriations for any department may be reduced by resolution.
- F. A public hearing as required in B) above, must be held to increase the total appropriations of any one governmental fund type; however, after the original public hearing, operating and capital budgets of proprietary fund types may be increased by resolution without an additional hearing.
- G. Encumbrances lapse at year end. Encumbered amounts carry over to the following year and are subject to reappropriation. Therefore, no encumbrances are presented in the financial statements.

During the budget year, the City modified the budget on several occasions using the above procedures.

NOTE 4 – CASH, CASH EQUIVALENTS AND INVESTMENTS

The City maintains a cash and investment pool that is available for use by all funds. At June 30, 2005 the City's cash balance consisted of the following:

	<u>Total Cash from All Fund Types</u>
Cash, Cash Equivalents, and Temporary Cash Investments	\$37,825,429
Cash and Cash Equivalents – Permanent Fund	<u>428,603</u>
Total Cash and Cash Equivalents	<u>\$38,254,032</u>

While the City's carrying amount of deposits was \$38,254,032 the balance in the City's bank account and cash on hand was \$39,606,960, with the difference being due to outstanding checks and deposits in transit.

A. Deposits

Deposits – Custodial Credit Risk. Custodial risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City follows the requirements of the Utah Money Management Act in handling its depository and investing transactions. The City considers the actions of the Council to be necessary and sufficient for adequate protection of its uninsured bank deposits. City funds are deposited in qualified depositories as defined by the Act. The City does not have a deposit policy for custodial credit risk. As of June 30, 2005, the City's custodial credit risk for deposits were as follows:

CITY OF SOUTH JORDAN
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2005

NOTE 4 - CASH (CONTINUED)

Depository Account	Custodial Credit Risk	Balance June 30, 2005
Checking and Cash on Hand	Insured	\$ 11,686
Investment Sweep	Uninsured and Uncollateralized	1,350,518
Total Deposits		<u>\$ 1,362,204</u>

B. Investments

The City's investments are managed through participation in the State Public Treasurers' Investment Fund and through a trust arrangement with a local bank. As of June 30, 2005 South Jordan had the following investments:

Investments	Investment Maturities (in Years)			
	Less Than 1	1-5	6-10	More than 10
Collateralized Money				
Market	\$18,261,943	\$ -	\$ -	\$ -
Utah Public Treasurer's Investment Fund	19,982,814			
Total Investments	<u>\$38,244,757</u>	<u>\$</u>	<u>\$</u>	<u>\$ -</u>

Investments – Interest Rate Risk. The City does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. However, interest rate risk is managed by compliance with the Utah Money Management Act, which provides guidance for handling depository and investing transactions in order to minimize interest rate risk.

Investments – Credit Risk. The City follows the requirements of the Utah Money Management Act in handling its Depository and investing transactions. The City funds are deposited in qualified depositories as defined by the Act. The Act also authorizes the City to invest in the Utah Public Treasurers Investment Fund (PTIF), certificates of Deposits, U.S. Treasury obligations, U.S. agency issues, restricted mutual funds, and obligations of governmental entities within the State of Utah. The City's investments are invested in accordance with the Act. The State Money Management Council provides regulatory oversight for the investments. The degree of risk of the investments depends on the underlying portfolio. The Act and Council rules govern the financial reporting requirements of qualified depositories in which public funds may be deposited and prescribe the conditions under which the designation of a depository shall remain in effect. If a qualified depository should become ineligible to hold public funds, public treasurers

CITY OF SOUTH JORDAN
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2005

NOTE 4 - CASH (Continued)

are notified immediately. The City considers the actions of the Council to be necessary and sufficient for adequate protection of its investments. The City has no investment policy that would further limit its investment choices.

Investments Custodial Credit Risk. For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Of the City's \$18,261,943 investment in a trust arrangement, the entire amount of underlying securities are held by the Investment's counterparty, not in the City's name and are not insured. The City's investment arrangements primarily invest in Utah State Treasurers investment pool, obligations of the United States Treasury, agencies, or instrumentalities of the United States that meet the allowable investments of the Utah Money Management Act. The City does not have an investment policy for custodial credit risk.

NOTE 5 - RECEIVABLES

Receivables as of year end for the government's individual major fund and nonmajor, internal service, and fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	General	Debt Service	RDA	MBA	Construction	Water	Sanitation	Mulligans	Nonmajor Governmental	Total
Receivables:										
Accounts	\$ 28,820	\$ -	\$ -	\$ -	\$ -	\$ 1,333,939	\$ 257,330		\$ 83,219	\$ 1,703,308
Property Tax	4,145,662		2,761,987							6,907,649
Other Taxes	1,010,696									1,010,696
Special										
Assessments		6,740,000								6,740,000
Intergovernmental	321,009				113,991				22,639	457,639
Less Allowance For uncollectible Accounts						(20,009)	(3,860)		(1,248)	(25,117)
	<u>\$ 5,506,187</u>	<u>\$6,740,000</u>	<u>\$2,761,987</u>	<u>\$ -</u>	<u>\$ 113,991</u>	<u>\$1,313,930</u>	<u>\$ 253,470</u>	<u>\$ -</u>	<u>\$ 104,610</u>	<u>\$16,794,175</u>

NOTE 6 – NOTES RECEIVABLE

During the year the City purchased then sold a piece of land for \$94,475, financed by a \$90,000 note. The note carries no interest and will be due when the planned development is completed.

CITY OF SOUTH JORDAN
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2005

NOTE 7 – INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

The composition of interfund balances as of June 30, 2005 is as follows:

Due to/from other funds:

<u>Receivable fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Nonmajor governmental fund	\$ 667

Interfund balances are created to support temporary cash deficiencies in the applicable funds.

Interfund Transfers:

	Transfer Out						
	<u>General</u>	<u>Debt Service</u>	<u>Construction</u>	<u>RDA</u>	<u>Nonmajor Govrnmtl.</u>	<u>Business Type</u>	<u>Total</u>
Transfer In:							
General	\$ -	\$ -	\$ -	\$ 50,000	\$ 7,746	\$152,513	\$ 210,259
Debt Service	650,091		1,097,437			189,787	1,937,315
MBA			352,099	350,000			702,099
Construction	2,587,198			1,024,000		14,412	3,625,610
Nonmajor Govtl.	562,200						562,200
RDA	755,000						755,000
Business Type							
Total Transfer Out	<u>\$4,554,489</u>	<u>\$ -</u>	<u>\$1,449,536</u>	<u>\$1,424,000</u>	<u>\$ 7,746</u>	<u>\$356,712</u>	<u>\$7,792,483</u>

The City transferred monies between funds to support debt service payments in the debt service fund. Also, the City transferred monies to support related capital expenditures in the construction fund.

Governmental funds report *deferred revenue* in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of *deferred revenue* and *unearned revenue* reported in the governmental funds were as follows:

	<u>Unavailable</u>	<u>Unearned</u>
Property taxes receivable (general fund)	-	\$ 3,653,259
Delinquent Property Taxes (general fund)	333,933	-
Property taxes receivable (redevelopment agency)	-	2,761,987
Special assessments not yet due (debt service fund)	<u>6,740,000</u>	<u>-</u>
Total deferred/unearned revenue for governmental funds	<u>\$7,073,933</u>	<u>\$6,415,246</u>

CITY OF SOUTH JORDAN
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2005

NOTE 8 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2002 was as follows:

Primary Government	Beginning			Ending
Governmental activities:	Balance	Increases	Decreases	Balance
Capital assets not being depreciated:				
Land	\$ 11,984,229	\$ 282,716	\$ 4,167,322	\$ 8,099,623
Construction in progress	6,578,651	2,130,151	5,051,987	3,656,815
Total capital assets not being depreciated	<u>18,562,880</u>	<u>2,412,867</u>	<u>9,219,309</u>	<u>11,756,438</u>
Capital assets being depreciated:				
Buildings	10,621,727	8,425,895	-	19,047,622
Machinery and equipment	7,141,736	1,403,628	138,425	8,406,939
Improvements	96,350,931	11,489,724	-	107,840,655
Total capital assets being depreciated	<u>114,114,394</u>	<u>21,319,247</u>	<u>138,425</u>	<u>135,295,216</u>
Less accumulated depreciation for:				
Buildings	544,820	1,294,222	-	1,839,042
Improvements	22,018,802	3,529,228	-	25,548,030
Machinery and equipment	3,638,981	997,479	128,678	4,507,782
Total accumulated depreciation	<u>26,202,603</u>	<u>5,820,929</u>	<u>128,678</u>	<u>31,894,854</u>
Total capital assets, being depreciated, net	<u>87,911,791</u>	<u>15,498,318</u>	<u>9,747</u>	<u>103,400,362</u>
Governmental activities capital assets, net	<u>\$ 106,474,671</u>	<u>\$ 17,911,185</u>	<u>\$ 9,229,056</u>	<u>\$ 115,156,800</u>
Business-type activities:	Beginning			Ending
	Balance	Increases	Decreases	Balance
Capital assets not being depreciated:				
Land	\$ 12,112,250	\$ 22,660	\$ -	\$ 12,134,910
Construction in progress	4,213,434	7,898,682	1,218,185	10,893,931
Water Shares	17,116,231	572,451	-	17,688,682
Total capital assets not being depreciated	<u>33,441,915</u>	<u>8,493,793</u>	<u>1,218,185</u>	<u>40,717,523</u>
Capital assets being depreciated:				
Buildings	1,960,145	-	-	1,960,145
Improvements	25,088,402	4,893,513	-	29,981,915
Machinery and equipment	1,975,631	167,614	29,225	2,114,020
Total capital assets being depreciated	<u>29,024,178</u>	<u>5,061,127</u>	<u>29,225</u>	<u>34,056,080</u>
Less accumulated depreciation for:				
Buildings	238,374	79,929	-	318,303
Improvements	6,192,673	975,267	-	7,167,940
Machinery and equipment	975,341	187,711	29,225	1,133,827
Total accumulated depreciation	<u>7,406,388</u>	<u>1,242,907</u>	<u>29,225</u>	<u>8,620,070</u>
Total capital assets, being depreciated, net	<u>21,617,790</u>	<u>3,818,220</u>	<u>-</u>	<u>25,436,010</u>
Business-type activities capital assets, net	<u>\$ 55,059,705</u>	<u>\$ 12,312,013</u>	<u>\$ 1,218,185</u>	<u>\$ 66,153,533</u>

CITY OF SOUTH JORDAN
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2005

NOTE 8 – CAPITAL ASSETS (*CONTINUED*)

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:	
General government	\$ 985,528
Public safety	313,693
Public Works	3,586,566
Parks	<u>935,142</u>
Total depreciation expense – governmental activities	<u>\$5,820,929</u>
Business – type activities:	
Water	\$1,119,659
Mulligans	89,690
Sanitation	<u>33,559</u>
Total depreciation expense – business-type activities	<u>\$1,242,908</u>

Construction commitments

The government has various construction projects as of June 30, 2005. The government's commitments with contractors are as follows:

<u>Project</u>	<u>Remaining Commitment</u>
Various Park Projects	\$ 550,011
Recreation Center	170,734
City Museum	259,198
City Hall Improvements	22,150
Ice Skating Rink Construction	573,817
City Library	<u>114,228</u>
Total	<u>\$ 1,690,138</u>

NOTE 9 - LEASE COMMITMENTS

The City during 2002 executed a new lease in the amount of \$1,428,000 payable in annual installments for 5 years. During 2003, the City executed a new lease in the amount of \$567,577 payable in annual installments over 10 years. Also during 2003, the City executed a new lease in the amount of \$291,586 payable in annual installments over 6 years.

The City during 2005 executed a new lease in the amount of \$1,398,000 payable in annual installments for 5 years.

CITY OF SOUTH JORDAN
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2005

NOTE 9 - LEASE COMMITMENTS (CONTINUED)

The assets acquired through capital leases are as follows:

Asset:	Governmental Activities
Machinery and Equipment	\$3,323,036
Less: Accumulated Depreciation	<u>(1,129,736)</u>
Total	<u>\$2,193,300</u>

Amortization of capital assets purchased under capital leases are included in depreciation.

The present value of future minimum capital lease payments under these leases as of June 30, 2005 are:

<u>Fiscal Year</u>	<u>Amount</u>
2006	\$ 760,600
2007	760,600
2008	437,261
2009	437,261
2010	384,367
2011-2012	<u>143,144</u>
Total Minimum lease payments	\$ 2,923,233
Less amounts representing interest	<u>(311,305)</u>
Present value of minimum lease payments	<u>\$ 2,611,928</u>

At June 30, 2005 the City's capital leases payable balance consisted of the following

	Total Capital Leases Payable All Fund Types
Capital Leases Payable	\$ 2,611,928
Current Portion Capital Lease Payable	<u>(651,443)</u>
Long Term Capital Leases Payable	<u>\$ 1,960,485</u>

CITY OF SOUTH JORDAN
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2005

NOTE 10 - LONG-TERM DEBT

Bonds and notes payable at June 30, 2005, are comprised of the following:

Sales Tax Revenue Bond:	
\$15,000,000 Sales Tax Revenue Bond due in annual principal and semi-annual interest payments through August, 2026 - Interest is at varying rates from 3.50 to 5.20%	\$ 13,725,000
2002 Lease Revenue Bond:	
\$9,390,000 Revenue Series Bond due in annual principal and semi-annual interest payments through September of 2023 - Interest is at a varying rate from 2.50% to 4.00%	9,065,000
Excise Tax Road Bond:	
\$2,865,000 Excise Tax Road Bonds due in annual principal and semi-annual interest payments through November 2010 - Interest is at a varying rate from 4.90 to 5.00%	1,880,000
Water Revenue Bonds:	
\$3,400,000 Water Revenue Bonds due in annual principal and semi-annual interest payments through November 2020 - interest is at a varying rate from 4.40 to 5.50%	2,970,000
2002 Special Assessment Bond:	
\$7,470,000 Special Assessment Bond due in annual principal and interest payments through November 2017 - Interest is at a varying rate from 5.50% to 6.875%	6,740,000
2004 Municipal Authority Bond:	
\$12,500,000 Municipal Authority Bond due in annual principal and monthly interest payments – February 2020 – interest at a variable monthly rate – current rate is 1.79%	12,500,000
2003 Water Revenue Bonds:	
\$22,480,000 Water Revenue Bonds due in annual principal and semi-annual interest payments through March 2024 – interest at a varying rate from 3.00% to 5.00%	21,750,000

CITY OF SOUTH JORDAN
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2005

NOTE 10 – LONG-TERM DEBT (CONTINUED)

Note payable (Related Party – Trans-Jordan):	
\$1,900,000 non-interest bearing note payable in monthly installments through September 2005 - monthly payment calculated at the difference between the old landfill tipping fees and the lower member landfill tipping fees	414,173
Zions Line of Credit:	
\$1,500,000 Line of Credit with semi-annual principal and interest payments through December 2012 – interest at a varying rate set at 75% of prime – current rate is 3.56%	1,319,206
Note Payable:	
\$380,652 Note Payable on land purchase with annual principal and interest payments through April 2009 – interest rate of 5%	311,764
Note Payable:	
\$420,000 Note Payable on a building purchase with annual principal and interest payments through August 2014 – interest rate of 5%	386,608
Note payable:	
\$273,294 note payable to URMMA. This payable is a result of insurance claims against the City. The additions reflect new insurance claims. The deductions represent payments made to URMMA. Payable over five years - due quarterly – This note bears no interest	<u>172,387</u>
Total Bonds and Notes (All Funds)	<u>\$71,234,137</u>

CITY OF SOUTH JORDAN
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2005

NOTE 10 – LONG-TERM DEBT (CONTINUED)

The future annual requirements for all outstanding bond and note obligations as of June 30, 2005 are as follows:

Fiscal Year	All Bonds and Notes		
	Principal	Interest	Total
2006	\$ 3,203,958	\$ 3,119,762	\$ 6,323,720
2007	2,848,692	3,018,337	5,867,030
2008	2,957,625	2,909,472	5,867,097
2009	3,092,280	2,794,397	5,886,677
2010	3,149,774	2,664,229	5,814,003
2011-2015	15,956,808	11,224,546	27,181,354
2016-2020	17,715,000	7,067,559	24,782,559
2021-2025	16,475,000	2,710,338	19,185,338
2026-2030	5,835,000	318,199	6,153,199
Total	<u>\$ 71,234,138</u>	<u>\$ 35,826,840</u>	<u>\$ 107,060,978</u>

Changes in Long Term Debt

	July 1 2004	Additions	Reductions	June 30 2005	Due in One Yr
Governmental Activities:					
Bonds Payable:					
Excise tax road bonds	\$ 2,145,000	\$ -	\$ 265,000	\$ 1,880,000	\$ 280,000
Sales tax revenue bond	14,085,000	-	360,000	13,725,000	370,000
Redevelopment Increment bond	4,100,000	-	4,100,000	-	-
2002 Lease revenue bond	9,390,000	-	325,000	9,065,000	335,000
Special Assessment bond	7,170,000	-	430,000	6,740,000	265,000
Line of Credit	1,471,770	-	152,564	1,319,206	70,017
Notes payable	380,652	-	68,888	311,764	72,333
Notes payable	-	420,000	33,392	386,608	35,062
Capital leases	1,589,866	826,924	375,939	2,040,850	545,711
Compensated absences	406,239	459,604	375,183	490,660	490,660
Claims and judgments	213,145	5,436	46,193	172,389	172,388
Gov't Activities long-term debt	<u>\$ 40,951,672</u>	<u>\$ 1,711,964</u>	<u>\$ 6,532,159</u>	<u>\$ 36,131,477</u>	<u>\$ 2,636,171</u>

Business Type Activities:

Bonds Payable:					
2003 Water revenue bond	\$ 22,480,000	\$ -	\$ 730,000	\$ 21,750,000	\$ 750,000
Water revenue bond	3,090,000	-	120,000	2,970,000	125,000
Municipal building bond	12,500,000	-	-	12,500,000	920,000
Notes payable - Trans-Jordan Landfill	652,068	-	237,896	414,173	414,173
Capital leases	-	571,076	-	571,076	105,731
Compensated absences	14,618	46,451	34,327	26,740	26,742
Gov't Activities long-term debt	<u>\$ 38,736,686</u>	<u>\$ 617,527</u>	<u>\$ 1,122,223</u>	<u>\$ 38,231,989</u>	<u>\$ 2,341,646</u>

CITY OF SOUTH JORDAN
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2005

NOTE 11 - RETIREMENT PLAN

Plan Description. The City of South Jordan contributes to the Local Governmental Contributory Retirement System and Local Governmental Noncontributory Retirement System, Public Safety Retirement System, and Fire Fighters Retirement System which are for employers with Social Security coverage cost-sharing multiple-employer defined benefit pension plans administered by the Utah Retirement Systems (Systems). Utah Retirement Systems provide refunds, retirement benefits, annual cost of living adjustments and death benefits to plan members and beneficiaries in accordance with retirement statutes.

The Systems are established and governed by the respective sections of Chapter 49 of the Utah Code Annotated 1953 as amended. The Utah State Retirement Office Act in Chapter 49 provides for the administration of the Utah Retirement Systems and Plans under the direction of the Utah State Retirement Board (Board) whose members are appointed by the Governor. The Systems issue a publicly available financial report that includes financial statements and required supplementary information for the Local Governmental Contributory Retirement System, Local Governmental Noncontributory Retirement System, Public Safety Retirement System, and Fire Fighters Retirement System which are for employers with Social Security coverage. A copy of the report may be obtained by writing to the Utah Retirement Systems, 540 East 200 South, Salt Lake City, Utah, 84102 or by calling 1-800-365-8772.

Funding Policy. Plan members in the Local Governmental Contributory Retirement system are required to contribute 6.0% of their annual covered salary (all or part may be paid by the employer for the employee) and the City is required to contribute 5.00% of their annual covered salary. In the Public Safety Retirement System for employers with Social Security coverage contributory division members are required to contribute 12.29% of their salary (all or part may be paid by the employer for the employee) and the City is required to contribute 4.38% of their annual salary. In the Fire Fighters coverage plan, members are required to contribute 8.61% of their annual covered salary (all or part may be paid by the employer for the employee). The contribution rates are the actuarially determined rates. The contribution requirements of the Systems are authorized by statute and specified by the Board.

The City contributions to the Local Governmental Contributory Retirement System for the years ending June 30, 2005, 2004 and 2003 were \$653,231, \$460,324, and \$371,557 respectively. The contributions were equal to the required contributions for each year.

For the Public Safety Retirement System the contributions for June 30, 2005, 2004 and 2003 were \$195,739, \$153,236, and \$133,892 respectively and for the Fire Fighters Retirement System the contributions for June 30, 2005, 2004 and 2003 were \$112,356, \$103,868, and \$100,459 respectively. The contributions were equal to the required contributions for each year.

CITY OF SOUTH JORDAN
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2005

NOTE 12 - COMMITMENTS AND CONTINGENCIES

Litigation - The City is a defendant in certain legal actions and pending actions, or in process for miscellaneous claims. The ultimate liability that might result from the final resolution of the above matters is not presently determinable. City management is of the opinion that the final outcome of the cases will not have an adverse material affect on the City's financial statements.

NOTE 13 - RESERVED FUND BALANCES

The City has reserved fund balance amounts for inventory, prepaid expenses, unspent grant proceeds, and providing perpetual maintenance care for the cemetery. The City has reserved net assets in the Water Fund and fund balance in the Capital Projects Fund for unspent impact fees. These fees will be used to construct appropriate projects as designated by the impact fee ordinance. The City has reserved net assets in the Water Fund and fund balance in the Debt Service fund for the Debt Service requirement of the bonds acquired. The City has also reserved fund balance in the Capital Projects fund for long term receivables.

NOTE 14 - RISK MANAGEMENT

The City is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City participates in the Utah Risk Management Mutual Association (a public entity risk pool). All claims are submitted to the Utah Risk Management Mutual Association which acts as a commercial insurer. The Association is obligated to pay all claims covered by its plan. All claims are subject to a \$5,000 deductible. The deductible is accrued as a current liability when the claim is incurred. The Utah Risk Management Mutual Association covers claims up to \$10,000,000. The City has not incurred a claim in excess of its coverage for any of the past three fiscal years.

NOTE 15 - REDEVELOPMENT AGENCY

The Redevelopment Agency of South Jordan City is established for further public purposes in the redevelopment of certain City areas. For the year ended June 30, 2005, the following activity occurred in the City's Redevelopment Agency:

Tax increment collection from other taxing agencies for various project areas	\$2,446,643
Tax increment paid to other taxing agencies	581,406
Outstanding loans to finance RDA projects	698,372
Amounts expended for site improvements and preparation costs	265,419

CITY OF SOUTH JORDAN
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2005

NOTE 15 - REDEVELOPMENT AGENCY (CONTINUED)

Amounts expended for installation of public utilities and other public improvements	350,595
Amounts expended for administrative costs	293,876

NOTE 16 - EQUITY IN JOINT VENTURE

Trans - Jordan Cities

City of South Jordan joined in a joint venture with several other municipalities to create the Trans-Jordan Cities Landfill (Trans-Jordan). Trans-Jordan was created for the purpose of operating and maintaining a landfill for the benefit of member municipalities. The City uses the equity method to account for its investment in the association.

A. Ownership

In accordance with the Utah Inter-local Cooperation Act (which created Trans-Jordan), all assets revert to the participating cities upon dissolution. Participant's share of these assets are based on each participating City's payment of usage fees and charges in proportion to fees paid by all participating cities for the preceding ten fiscal years. Member's participating interests are adjusted according to the above formula annually. As of June 30, 2005, these percentages are as follows:

<u>Participating Cities</u>	<u>Fees & Charges For Ten Preceding Years</u>	<u>Percent</u>
Midvale City, Utah	\$ 895,055	6.02%
Murray City, Utah	1,446,329	9.72%
Sandy City, Utah	5,097,285	34.27%
South Jordan City, Utah	984,766	6.62%
West Jordan City, Utah	1,417,295	9.53%
Draper City, Utah	3,933,969	26.45%
Riverton City, Utah	1,098,988	7.39%
Total	<u>\$ 14,873,687</u>	<u>100.00%</u>

- B.** Trans-Jordan's Board of Directors governs the operations of Trans-Jordan through management employed by the Board. Since Trans-Jordan is subject to the same laws as the creating entities, it must follow State law for cities in the areas of fiscal management, budgeting, and financing.

CITY OF SOUTH JORDAN
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2005

C.

	Trans-Jordan Cities	South Jordan City's Share
Total Assets	\$ 19,078,472	\$ 1,818,178
Total Liabilities	\$ 3,990,222	\$ 380,268
Total Equity	\$ 15,088,250	\$ 1,437,910
Total Operating Revenues	5,471,434	521,428
Total Operating Expenses	5,164,534	492,180
Net Operating Income	306,900	29,248
Total Non-operating Income (Expense)	584,958	55,746
Net Income	\$ 891,858	\$ 84,994

D. The joint venture has the following long-term debt:

	Total Amount	South Jordan City' s Share
Closure and Post-closure Liability	\$3,664,679	\$349,244

E. Audited financial statements for Trans-Jordan Cities are available at the Trans-Jordan office.

Trans-Jordan Cities
10873 South 7200 West
South Jordan, UT 84095

F. At year end the City of South Jordan had a related party note payable to Trans-Jordan in the amount of \$414,173 (see Note 10). The note applied to the original purchase of the investment in South Jordan. In accordance with the agreement between South Jordan and the participating cities, the balance of the note unpaid as of September 2005 will be discharged by South Jordan.

NOTE 17 – EXPENDITURES IN EXCESS OF APPROPRIATIONS

Expenditures in the redevelopment agency exceeded appropriations by \$1,090,711. Revenue in sale of capital assets budget was exceeded by \$1,337,000.

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REQUIRED SUPPLEMENTARY INFORMATION



SOUTH JORDAN
U T A H

CITY OF SOUTH JORDAN

General Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual

For the Year Ended June 30, 2005

	Original Budget	Final Budget	Actual Amounts	Variances with Final Budget - Positive (Negative)
REVENUES				
Taxes				
Property Tax - Current	\$ 2,760,000	\$ 2,820,000	\$ 2,980,914	\$ 160,914
Property Tax - Delinquent	110,000	110,000	165,007	55,007
Motor Vehicle Tax	375,000	375,000	365,481	(9,519)
Sales & Use Tax	3,420,000	3,420,000	3,658,972	238,972
Telecommunication Fee	395,000	585,000	565,185	(19,815)
Penalties & Interest	7,500	7,500	8,593	1,093
Energy Sales & Use Tax	1,240,000	1,340,000	1,431,090	91,090
Total Taxes	8,307,500	8,657,500	9,175,242	517,742
Licenses & Permits				
Building Permits	1,460,975	2,328,277	2,727,066	398,789
Business Licenses	87,550	87,550	90,951	3,401
Solid Waste License Fee	11,330	11,330	43,523	32,193
Innkeeper Fee	25,200	25,200	35,045	9,845
Miscellaneous	35,535	35,535	52,073	16,538
Total Licenses & Permits	1,620,590	2,487,892	2,948,658	460,766
Intergovernmental Revenues				
Federal Grants	246,734	394,214	359,006	(35,208)
State Grants	40,775	295,875	328,091	32,216
Class "C" Road Allotment	1,180,000	1,180,000	1,415,026	235,026
Liquor Fund Allotment	10,000	10,000	22,758	12,758
Total Intergovernmental	1,477,509	1,880,089	2,124,881	244,792
Charges for Services				
Ambulance Fees	375,000	375,000	364,660	(10,340)
Engineering Fees	230,800	230,800	304,468	73,668
Plan Check Fees	809,400	1,283,776	1,559,308	275,532
Zoning & Subdivision Fees	136,300	136,300	161,945	25,645
Other Services	1,129,493	1,083,826	1,269,701	185,875
Total Charges for Services	2,680,993	3,109,702	3,660,082	550,380
Fines and Forfeitures	1,187,000	1,187,000	1,189,595	2,595
Misc Revenue				
Investment Earnings	25,000	188,402	250,460	62,058
Sundry Revenue	46,000	79,685	112,243	32,558
Total Misc Revenue	71,000	268,087	362,703	94,616
Total Revenue	15,344,592	17,590,270	19,461,161	1,870,890

See accompanying notes.

CITY OF SOUTH JORDAN

General Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual

For the Year Ended June 30, 2005

	Original Budget	Final Budget	Actual Amounts	Variances with Final Budget - Positive (Negative)
EXPENDITURES				
General Government				
General Administration	\$ 2,116,037	\$ 1,918,024	\$ 1,800,584	\$ 117,440
Administrative Services	1,092,299	1,311,120	1,276,749	34,371
Legal	-	204,711	204,027	684
Finance	297,630	287,432	283,548	3,884
Total General Government	<u>3,505,966</u>	<u>3,721,287</u>	<u>3,564,908</u>	<u>156,379</u>
Public Safety				
Administration	810,184	1,097,751	1,020,844	76,907
Police	2,695,379	2,747,429	2,621,298	126,131
Fire	2,320,569	2,452,030	2,444,267	7,763
Ordinance Enforcement	-	245,436	235,770	9,666
Municipal Court	304,984	307,041	297,630	9,411
Total Public Safety	<u>6,131,116</u>	<u>6,849,687</u>	<u>6,619,809</u>	<u>229,878</u>
Public Works				
Administration	1,044,734	1,179,388	1,164,742	14,646
Streets and Roads	1,425,354	834,433	742,632	91,801
Facility Maintenance	482,580	410,298	404,529	5,769
Total Public Works	<u>2,952,668</u>	<u>2,424,119</u>	<u>2,311,903</u>	<u>112,216</u>
Development Services				
Community Development	1,717,013	1,372,232	1,354,992	17,240
Parks & Recreation	667,554	1,403,516	1,298,475	105,041
Total Development Services	<u>2,384,567</u>	<u>2,775,748</u>	<u>2,653,467</u>	<u>122,281</u>
Total Expenditures	<u>14,974,317</u>	<u>15,770,841</u>	<u>15,150,087</u>	<u>620,754</u>
Excess (Deficiency) of revenues Over Expenditures	<u>370,275</u>	<u>1,819,429</u>	<u>4,311,074</u>	<u>2,491,645</u>
OTHER FINANCING SOURCES (USES)				
Operating Transfers In	158,000	208,730	210,259	1,529
Operating Transfers Out	(434,015)	(3,451,888)	(4,554,489)	(1,102,601)
Total Other Financing Sources (Uses)	<u>(276,015)</u>	<u>(3,243,158)</u>	<u>(4,344,230)</u>	<u>(1,101,072)</u>
Net Change in Fund Balance	94,260	(1,423,729)	(33,156)	1,390,573
Fund Balance - July 1	3,430,196	3,430,196	3,430,196	-
Fund Balance - June 30	<u>\$ 3,524,456</u>	<u>\$ 2,006,467</u>	<u>\$ 3,397,040</u>	<u>\$ 1,390,573</u>

See accompanying notes.

CITY OF SOUTH JORDAN
Redevelopment Agency Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual
For the Year Ended June 30, 2005

	Original Budget	Final Budget	Actual Amounts	Variances with Final Budget - Positive (Negative)
REVENUES				
Taxes	\$ 2,183,000	\$ 2,304,630	\$ 2,446,643	\$ 142,013
Interest	-	-	312	312
Miscellaneous	197,000	160,500	38,602	(121,898)
Total Revenue	<u>2,380,000</u>	<u>2,465,130</u>	<u>2,485,557</u>	<u>20,427</u>
EXPENDITURES				
General Government	292,266	311,239	293,876	17,363
Capital Outlay & Projects	688,000	372,819	616,014	(243,195)
Tax Increment Distributions	721,084	671,084	581,406	89,678
Debt Service				
Principal Retirement	-	3,042,681	4,133,392	(1,090,711)
Interest and Fees	328,650	331,910	195,756	136,154
Total Expenditures	<u>2,030,000</u>	<u>4,729,733</u>	<u>5,820,444</u>	<u>(1,090,711)</u>
Excess (Deficiency) of revenues Over Expenditures	<u>350,000</u>	<u>(2,264,603)</u>	<u>(3,334,887)</u>	<u>(1,070,284)</u>
OTHER FINANCING SOURCES (USES)				
Sale of Capital Assets	-	1,900,000	3,237,000	1,337,000
Operating Transfers In	-	755,000	755,000	-
Operating Transfers Out	(1,130,000)	(1,424,000)	(1,424,000)	-
Total Other Financing Sources (Uses)	<u>(1,130,000)</u>	<u>1,231,000</u>	<u>2,568,000</u>	<u>1,337,000</u>
Net Change in Fund Balance	(780,000)	(1,033,603)	(766,887)	266,716
Fund Balance - July 1	1,033,603	1,033,603	1,033,603	-
Fund Balance - June 30	<u>\$ 253,603</u>	<u>\$ -</u>	<u>\$ 266,716</u>	<u>\$ 266,716</u>

See accompanying notes.

SUPPLEMENTARY INFORMATION



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NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

Special revenue funds are used to account for specific revenues that are legally restricted to expenditure for particular purposes. The Special Revenue Funds of the City are as follows:

- 1) **Glenmoor Special Services District** - This fund is used to account for the activities of the Special Services District. The District is an entity established to provide and maintain recreation services and facilities for City citizens residing within the District.
- 2) **Historical Preservation** - This fund is used to account for activities associated with printing and distribution of a historical publication of the City.
- 3) **Parkway Care** - This fund is used to account for funds set aside for expenditures related to special roadside improvements in selected areas of the City.
- 4) **Street Lighting** - This fund is used to track revenue from a monthly fee paid by City residents for maintenance and installation of City street lights.
- 5) **Storm Drain** - This fund is used to track revenue from a monthly fee paid by City residents for the maintenance of the City's storm drain system.
- 6) **Recreation Programs** - This fund is used to track revenue and expenditures dealing with the City's sports and recreation programs.
- 7) **CDBG Fund** - This fund is used to account for the revenues received by the City as a grantee participant in the Community Development Grant Program.
- 8) **Workers Compensation Fund** - This fund is used to account for revenues transferred and accumulated to pay future workers compensation claims.
- 9) **Recreation Center Fund** - This fund is used to account for fees charged to users and expenditures dealing with maintenance of the facility.

Permanent Fund

Permanent funds are used to report resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes that support the reporting government's programs.

- 1) **Cemetery Perpetual Care Fund** - This fund is used to account for principal trust amounts received and related interest income. The interest portion of the trust can be used to maintain the community cemetery.

CITY OF SOUTH JORDAN

Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2005

	Special Revenue					Special Revenue				Permanent	
	Glenmoor	Historical	Parkway Care	Street Lighting	Storm Drain	Recreation	CDBG	Workers Comp	Rec Center	Cemetery	Total
ASSETS											
Cash & Cash Equivalents	\$ 80,464	\$ 24,887	\$ 1,819,996	\$ 26,189	\$ 46,522	\$ 24,877	\$ -	\$ 41,815	\$ 220,952	\$ 428,603	\$ 2,714,305
Receivables											
Accounts Receivable	-	-	-	45,156	36,815		-			-	81,971
Other Receivables	-	-	-	-	-		22,639			-	22,639
Total Assets	<u>\$ 80,464</u>	<u>\$ 24,887</u>	<u>\$ 1,819,996</u>	<u>\$ 71,345</u>	<u>\$ 83,337</u>	<u>\$ 24,877</u>	<u>\$ 22,639</u>	<u>\$ 41,815</u>	<u>\$ 220,952</u>	<u>\$ 428,603</u>	<u>\$ 2,818,915</u>
LIABILITIES AND FUND BALANCES											
LIABILITIES											
Accounts payable and Accrued Liabilities	\$ 29,364	\$ 4	\$ -	\$ 24	\$ 8,437	\$ -	\$ 1,405	\$ -	\$ 28,183	\$ -	\$ 67,417
Due to Other Funds	-	-	-	-	-	-	667	-		-	667
Total Liabilities	<u>29,364</u>	<u>4</u>	<u>-</u>	<u>24</u>	<u>8,437</u>	<u>-</u>	<u>2,072</u>	<u>-</u>	<u>28,183</u>	<u>-</u>	<u>68,084</u>
FUND BALANCES											
Reserved for Perpetual Care	-	-	-	-	-	-	-	-		270,708	270,708
Unreserved Fund Balance	51,100	24,883	1,819,996	71,321	74,900	24,877	20,567	41,815	192,769	157,895	2,480,123
Total Fund Balances	<u>51,100</u>	<u>24,883</u>	<u>1,819,996</u>	<u>71,321</u>	<u>74,900</u>	<u>24,877</u>	<u>20,567</u>	<u>41,815</u>	<u>192,769</u>	<u>428,603</u>	<u>2,750,831</u>
Total Liabilities and Fund Balances	<u>\$ 80,464</u>	<u>\$ 24,887</u>	<u>\$ 1,819,996</u>	<u>\$ 71,345</u>	<u>\$ 83,337</u>	<u>\$ 24,877</u>	<u>\$ 22,639</u>	<u>\$ 41,815</u>	<u>\$ 220,952</u>	<u>\$ 428,603</u>	<u>\$ 2,818,915</u>

CITY OF SOUTH JORDAN

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the year ended June 30, 2005

	Special Revenue					Special Revenue				Permanent	
	Glenmoor	Historical	Parkway Care	Street Lighting	Storm Drain	Recreation	CDBG	Workers Comp	Rec Center	Cemetery	Total
REVENUES											
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 106,103	\$ -	\$ -	\$ -	\$ 106,103
Charges for Services	-	-	-	322,852	256,158	49,553	-	-	450,281	28,618	1,107,462
Interest	-	583	43,193	-	-	-	-	-	-	9,905	53,681
Other Revenue	1,888	886	-	-	-	-	-	-	-	-	2,774
Total Revenues	1,888	1,469	43,193	322,852	256,158	49,553	106,103	-	450,281	38,523	1,270,020
EXPENDITURES											
Current											
General Government	-	2,580	-	-	-	-	85,536	-	-	-	88,116
Public Works	-	-	-	236,246	219,827	-	-	-	-	-	456,073
Development Services	-	-	-	-	-	38,360	-	-	541,857	-	580,217
Capital Outlay & Projects	37,632	-	-	28,503	29,000	-	-	-	233,040	-	328,175
Total Expenditures	37,632	2,580	-	264,749	248,827	38,360	85,536	-	774,897	-	1,452,581
Excess (Deficiency) of											
Revenues over Expenditures	(35,744)	(1,111)	43,193	58,103	7,331	11,193	20,567	-	(324,616)	38,523	(182,561)
Othr Financing Sources (Uses)											
Operating Transfers In	-	3,000	-	-	-	-	-	41,815	517,385	-	562,200
Operating Transfers Out	-	-	-	-	-	-	-	-	-	(7,746)	(7,746)
Total Other Financing Sources (Uses)	-	3,000	-	-	-	-	-	41,815	517,385	(7,746)	554,454
Net Change in Fund Balance	(35,744)	1,889	43,193	58,103	7,331	11,193	20,567	41,815	192,769	30,777	371,893
Fund Balances - July 1	86,844	22,994	1,776,803	13,218	67,569	13,684	-	-	-	397,826	2,378,938
Fund Balances - June 30	\$ 51,100	\$ 24,883	\$ 1,819,996	\$ 71,321	\$ 74,900	\$ 24,877	\$ 20,567	\$ 41,815	\$ 192,769	\$ 428,603	\$ 2,750,831

CITY OF SOUTH JORDAN

Debt Service Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance -

Budget and Actual

For the Year Ended June 30, 2005

	Original Budget	Final Budget	Actual Amounts	Variances with Final Budget - Positive (Negative)
REVENUES				
Special Assessments	\$ 826,452	\$ 825,401	\$ 926,733	\$ 101,332
Interest	11,000	13,688	23,849	10,161
Miscellaneous	149,929	149,929	150,180	251
Total Revenue	<u>987,381</u>	<u>989,018</u>	<u>1,100,762</u>	<u>111,744</u>
EXPENDITURES				
Debt Service				
Principal	1,770,347	1,745,463	1,583,502	161,961
Other	25,095	25,095	23,295	1,800
Interest and Fees	1,287,295	1,315,878	1,387,453	(71,575)
Total Expenditures	<u>3,082,737</u>	<u>3,086,436</u>	<u>2,994,250</u>	<u>92,186</u>
Excess (Deficiency) of revenues Over Expenditures	<u>(2,095,356)</u>	<u>(2,097,418)</u>	<u>(1,893,488)</u>	<u>203,930</u>
OTHER FINANCING SOURCES (USES)				
Operating Transfers In	1,907,939	1,937,315	1,937,315	-
Operating Transfers Out	-	-	-	-
Total Other Financing Sources (Uses)	<u>1,907,939</u>	<u>1,937,315</u>	<u>1,937,315</u>	<u>-</u>
Net Change in Fund Balance	(187,417)	(160,103)	43,827	203,930
Fund Balance - July 1	<u>1,193,603</u>	<u>1,193,603</u>	<u>1,193,603</u>	<u>-</u>
Fund Balance - June 30	<u>\$ 1,006,186</u>	<u>\$ 1,033,500</u>	<u>\$ 1,237,430</u>	<u>\$ 203,930</u>

CITY OF SOUTH JORDAN
Municipal Building Authority
Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual
For the Year Ended June 30, 2005

	Original Budget	Final Budget	Actual Amounts	Variances with Final Budget - Positive (Negative)
REVENUES				
Interest	\$ 10,900	\$ 10,900	\$ 51,642	\$ 40,742
Miscellaneous	-	-	-	-
Total Revenue	<u>10,900</u>	<u>10,900</u>	<u>51,642</u>	<u>40,742</u>
EXPENDITURES				
General Government	3,000	3,000	-	3,000
Capital Outlay	-	1,645,509	1,385,871	259,638
Debt Service				
Principal	741,667	325,000	325,000	-
Interest and Fees	492,545	400,545	400,295	250
Total Expenditures	<u>1,237,212</u>	<u>2,374,054</u>	<u>2,111,166</u>	<u>262,888</u>
Excess (Deficiency) of revenues Over Expenditures	<u>(1,226,312)</u>	<u>(2,363,154)</u>	<u>(2,059,524)</u>	<u>303,630</u>
OTHER FINANCING SOURCES (USES)				
Bond Proceeds	-	-	-	-
Operating Transfers In	909,099	702,099	702,099	-
Operating Transfers Out	-	-	-	-
Total Other Financing Sources (Uses)	<u>909,099</u>	<u>702,099</u>	<u>702,099</u>	<u>-</u>
Net Change in Fund Balance	(317,213)	(1,661,055)	(1,357,425)	303,630
Fund Balance - July 1	2,433,766	2,433,766	2,433,766	-
Fund Balance - June 30	<u>\$ 2,116,553</u>	<u>\$ 772,711</u>	<u>\$ 1,076,341</u>	<u>\$ 303,630</u>

CITY OF SOUTH JORDAN

Construction

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual For the Year Ended June 30, 2005

	Original Budget	Final Budget	Actual Amounts	Variances with Final Budget - Positive (Negative)
REVENUES				
Interest	\$ -	\$ -	\$ 89,903	\$ 89,903
Impact Fees	-	-	5,333,222	5,333,222
Miscellaneous	-	217,841	75,622	(142,219)
Total Revenue	-	217,841	5,498,747	5,280,906
EXPENDITURES				
Capital Outlay				
Road and Bridge	1,111,566	2,408,114	1,157,128	1,250,986
Parks	233,814	5,932,901	4,843,402	1,089,499
Storm Drain	360,000	1,013,614	450,377	563,237
Facilities	-	6,093	6,093	-
Other Projects	1,157,215	1,961,565	2,098,960	(137,395)
Total Expenditures	2,862,595	11,322,287	8,555,960	2,766,327
Excess (Deficiency) of revenues Over Expenditures	(2,862,595)	(11,104,446)	(3,057,213)	8,047,233
OTHER FINANCING SOURCES (USES)				
Debt Proceeds	900,000	900,000	1,246,924	346,924
Sale of Capital Assets	-	82,430	72,139	(10,291)
Operating Transfers In	243,215	2,564,824	3,625,610	1,060,786
Operating Transfers Out	(1,484,977)	(1,449,536)	(1,449,536)	-
Total Other Financing Sources (Uses)	(341,762)	2,097,718	3,495,137	1,397,419
Net Change in Fund Balance	(3,204,357)	(9,006,728)	437,924	9,444,652
Fund Balance - July 1	9,407,252	9,407,252	9,407,252	-
Fund Balance - June 30	\$ 6,202,895	\$ 400,524	\$ 9,845,176	\$ 9,444,652

CITY OF SOUTH JORDAN
Glenmoor Special Improvement District
Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual
For the Year Ended June 30, 2005

	Original Budget	Final Budget	Actual Amounts	Variances with Final Budget - Positive (Negative)
REVENUES				
Taxes	\$ -	\$ 1,856	1,888	\$ 32
Total Revenue	-	1,856	1,888	32
EXPENDITURES				
Parks	-	80,025	-	80,025
Capital Outlay & Projects	-	8,675	37,632	(28,957)
Total Expenditures	-	88,700	37,632	51,068
Excess (Deficiency) of revenues Over Expenditures	-	(86,844)	(35,744)	51,100
Net Change in Fund Balance	-	(86,844)	(35,744)	51,100
Fund Balance - July 1	86,844	86,844	86,844	-
Fund Balance - June 30	\$ 86,844	\$ -	\$ 51,100	\$ 51,100

CITY OF SOUTH JORDAN
Historical Preservation
Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual
For the Year Ended June 30, 2005

	Original Budget	Final Budget	Actual Amounts	Variances with Final Budget - Positive (Negative)
REVENUES				
Interest	300	300	583	283
Other Revenue	1,000	1,000	886	(114)
Total Revenue	1,300	1,300	1,469	169
EXPENDITURES				
General Government	4,600	4,600	2,580	2,020
Total Expenditures	4,600	4,600	2,580	2,020
Excess (Deficiency) of revenues Over Expenditures	(3,300)	(3,300)	(1,111)	2,189
OTHER FINANCING SOURCES (USES)				
Operating Transfers In	3,000	3,000	3,000	-
Operating Transfers Out	-	-	-	-
Total Other Financing Sources (Uses)	3,000	3,000	3,000	-
Net Change in Fund Balance	(300)	(300)	1,889	2,189
Fund Balance - July 1	22,994	22,994	22,994	-
Fund Balance - June 30	\$ 22,694	\$ 22,694	\$ 24,883	\$ 2,189

CITY OF SOUTH JORDAN

Parkway Care

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual For the Year Ended June 30, 2005

	Original Budget	Final Budget	Actual Amounts	Variances with Final Budget - Positive (Negative)
REVENUES				
Interest	\$ 30,000	\$ 30,000	\$ 43,193	\$ 13,193
Total Revenue	<u>30,000</u>	<u>30,000</u>	<u>43,193</u>	<u>13,193</u>
EXPENDITURES	-	-	-	-
Excess (Deficiency) of revenues Over Expenditures	<u>30,000</u>	<u>30,000</u>	<u>43,193</u>	<u>13,193</u>
OTHER FINANCING SOURCES (USES)				
Operating Transfers In	-	-	-	-
Operating Transfers Out	<u>(30,000)</u>	<u>(30,000)</u>	<u>-</u>	<u>30,000</u>
Total Other Financing Sources (Uses)	<u>(30,000)</u>	<u>(30,000)</u>	<u>-</u>	<u>30,000</u>
Net Change in Fund Balance	-	-	43,193	43,193
Fund Balance - July 1	<u>1,776,803</u>	<u>1,776,803</u>	<u>1,776,803</u>	<u>-</u>
Fund Balance - June 30	<u><u>\$ 1,776,803</u></u>	<u><u>\$ 1,776,803</u></u>	<u><u>\$ 1,819,996</u></u>	<u><u>\$ 43,193</u></u>

CITY OF SOUTH JORDAN

Street Lighting

Schedule of Revenues, Expenditures, and Changes in Fund Balance -

Budget and Actual

For the Year Ended June 30, 2005

	Original Budget	Final Budget	Actual Amounts	Variances with Final Budget - Positive (Negative)
REVENUES				
Charges for Services	\$ 324,000	\$ 324,000	\$ 322,852	\$ (1,148)
Miscellaneous	-	-	-	-
Total Revenue	<u>324,000</u>	<u>324,000</u>	<u>322,852</u>	<u>(1,148)</u>
EXPENDITURES				
Public Works	263,574	308,292	236,246	72,046
Capital Outlay & Projects	60,426	28,926	28,503	423
Total Expenditures	<u>324,000</u>	<u>337,218</u>	<u>264,749</u>	<u>72,469</u>
Excess (Deficiency) of revenues Over Expenditures	<u>-</u>	<u>(13,218)</u>	<u>58,103</u>	<u>71,321</u>
Net Change in Fund Balance	-	(13,218)	58,103	71,321
Fund Balance - July 1	13,218	13,218	13,218	-
Fund Balance - June 30	<u>\$ 13,218</u>	<u>\$ -</u>	<u>\$ 71,321</u>	<u>\$ 71,321</u>

CITY OF SOUTH JORDAN

Storm Drain

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual

For the Year Ended June 30, 2005

	Original Budget	Final Budget	Actual Amounts	Variances with Final Budget - Positive (Negative)
REVENUES				
Charges for Services	\$ 256,152	\$ 256,152	\$ 256,158	\$ 6
Miscellaneous	-	-	-	-
Total Revenue	<u>256,152</u>	<u>256,152</u>	<u>256,158</u>	<u>6</u>
EXPENDITURES				
Public Works	238,511	228,511	219,827	8,684
Capital Outlay	-	29,000	29,000	-
Total Expenditures	<u>238,511</u>	<u>257,511</u>	<u>248,827</u>	<u>8,684</u>
Excess (Deficiency) of revenues Over Expenditures	<u>17,641</u>	<u>(1,359)</u>	<u>7,331</u>	<u>8,690</u>
OTHER FINANCING SOURCES (USES)				
Operating Transfers In	-	-	-	-
Operating Transfers Out	<u>(17,641)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(17,641)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	-	(1,359)	7,331	8,690
Fund Balance - July 1	<u>67,569</u>	<u>67,569</u>	<u>67,569</u>	<u>-</u>
Fund Balance - June 30	<u>\$ 67,569</u>	<u>\$ 66,210</u>	<u>\$ 74,900</u>	<u>\$ 8,690</u>

CITY OF SOUTH JORDAN

Recreation Programs Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual For the Year Ended June 30, 2005

	Original Budget	Final Budget	Actual Amounts	Variances with Final Budget - Positive (Negative)
REVENUES				
Charges for Services	154,220	154,220	49,553	(104,667)
Total Revenue	154,220	154,220	49,553	(104,667)
EXPENDITURES				
Development Services	154,220	154,220	38,360	115,860
Total Expenditures	154,220	154,220	38,360	115,860
Excess (Deficiency) of revenues Over Expenditures	-	-	11,193	11,193
Net Change in Fund Balance	-	-	11,193	11,193
Fund Balance - July 1	13,684	13,684	13,684	-
Fund Balance - June 30	\$ 13,684	\$ 13,684	\$ 24,877	\$ 11,193

CITY OF SOUTH JORDAN
Community Development Block Grant
Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual
For the Year Ended June 30, 2005

	Original Budget	Final Budget	Actual Amounts	Variances with Final Budget - Positive (Negative)
REVENUES				
Grant Revenue	\$ 60,000	\$ 60,000	\$ 106,103	\$ 46,103
Total Revenue	60,000	60,000	106,103	46,103
EXPENDITURES				
General Government	60,000	89,950	85,536	4,414
Total Expenditures	60,000	89,950	85,536	4,414
Excess (Deficiency) of revenues Over Expenditures	-	(29,950)	20,567	50,517
Net Change in Fund Balance	-	(29,950)	20,567	50,517
Fund Balance - July 1	-	-	-	-
Fund Balance - June 30	\$ -	\$ (29,950)	\$ 20,567	\$ 50,517

CITY OF SOUTH JORDAN

Workers Compensation Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual For the Year Ended June 30, 2005

	Original Budget	Final Budget	Actual Amounts	Variances with Final Budget - Positive (Negative)
REVENUES				
Charges for Services	\$ -	\$ -	\$ -	-
Interest	-	-	-	-
Total Revenue	-	-	-	-
EXPENDITURES	-	-	-	-
Excess (Deficiency) of revenues Over Expenditures	-	-	-	-
OTHER FINANCING SOURCES (USES)				
Operating Transfers In	-	-	41,815	41,815
Operating Transfers Out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	41,815	41,815
Net Change in Fund Balance	-	-	41,815	41,815
Fund Balance - July 1	-	-	-	-
Fund Balance - June 30	\$ -	\$ -	\$ 41,815	\$ 41,815

CITY OF SOUTH JORDAN

Recreation Center

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual

For the Year Ended June 30, 2005

	Original Budget	Final Budget	Actual Amounts	Variances with Final Budget - Positive (Negative)
REVENUES				
Charges for Services	\$ 355,143	\$ 354,840	\$ 450,281	\$ 95,441
Total Revenue	<u>355,143</u>	<u>354,840</u>	<u>450,281</u>	<u>95,441</u>
EXPENDITURES				
Development Services	872,528	609,915	541,857	68,058
Capital Outlay	-	262,310	233,040	29,270
Total Expenditures	<u>872,528</u>	<u>872,225</u>	<u>774,897</u>	<u>97,328</u>
Excess (Deficiency) of revenues Over Expenditures	<u>(517,385)</u>	<u>(517,385)</u>	<u>(324,616)</u>	<u>192,769</u>
OTHER FINANCING SOURCES (USES)				
Operating Transfers In	<u>517,385</u>	<u>517,385</u>	<u>517,385</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>517,385</u>	<u>517,385</u>	<u>517,385</u>	<u>-</u>
Net Change in Fund Balance	-	-	192,769	192,769
Fund Balance - July 1	-	-	-	-
Fund Balance - June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 192,769</u>	<u>\$ 192,769</u>

CITY OF SOUTH JORDAN
Cemetery Perpetual Care
Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual
For the Year Ended June 30, 2005

	Original Budget	Final Budget	Actual Amounts	Variances with Final Budget - Positive (Negative)
REVENUES				
Charges for Services	\$ 15,000	\$ 15,000	\$ 28,618	13,618
Interest	8,000	8,000	9,905	1,905
Total Revenue	<u>23,000</u>	<u>23,000</u>	<u>38,523</u>	<u>15,523</u>
EXPENDITURES	-	-	-	-
Excess (Deficiency) of revenues Over Expenditures	<u>23,000</u>	<u>23,000</u>	<u>38,523</u>	<u>15,523</u>
OTHER FINANCING SOURCES (USES)				
Operating Transfers In	-	-	-	-
Operating Transfers Out	<u>(23,000)</u>	<u>(23,000)</u>	<u>(7,746)</u>	<u>15,254</u>
Total Other Financing Sources (Uses)	<u>(23,000)</u>	<u>(23,000)</u>	<u>(7,746)</u>	<u>15,254</u>
Net Change in Fund Balance	-	-	30,777	30,777
Fund Balance - July 1	<u>397,826</u>	<u>397,826</u>	<u>397,826</u>	<u>-</u>
Fund Balance - June 30	<u><u>\$ 397,826</u></u>	<u><u>\$ 397,826</u></u>	<u><u>\$ 428,603</u></u>	<u><u>\$ 30,777</u></u>

**CAPITAL ASSETS
USED IN THE OPERATION
OF GOVERNMENTAL FUNDS**



SOUTH JORDAN

U T A H

CITY OF SOUTH JORDAN

Capital Assets Used in the Operation of Governmental Funds Comparative Schedule by Source June 30, 2005

	2004	2005
General Fixed Assets		
Land	\$ 11,984,229	\$ 8,099,623
Buildings and Structures	10,621,727	19,047,622
Improvements Other than Buildings and Structures	5,013,316	7,622,770
Machinery and Equipment	7,141,736	8,406,939
Infrastructure	91,337,616	100,217,885
Construction in Progress	6,578,651	3,656,815
Total governmental funds capital assets	<u>\$ 132,677,275</u>	<u>\$ 147,051,654</u>
Investment in Fixed Assets		
General Fund	\$ 15,376,451	\$ 23,393,210
Glenmoor Special Service Fund	437,093	430,361
Capital Projects Fund	112,524,928	122,889,281
Street Lighting Fund	19,250	19,250
Parkway Care Fund	17,650	17,650
Redevelopment Agency Fund	4,301,903	301,902
Total Investment in Fixed Assets	<u>\$ 132,677,275</u>	<u>\$ 147,051,654</u>

CITY OF SOUTH JORDAN
Capital Assets Used in the Operation of Governmental Funds
Schedule by Function and Activity
June 30, 2005

Function and Activity	Land	Building and Structure	Improvements other Than Building and Structure	Machinery and Equipment	Infrastructure	Construction in Progress	Total
General Government							
Administration	\$ 2,128,600	\$ 5,846,075	\$ 577,054	\$ 1,938,592	\$ -	\$ -	\$ 10,490,321
Parkway	-	-	-	17,650	-	-	17,650
Building and Planning	-	-	-	10,000	-	-	10,000
Engineering	-	-	-	49,804	-	-	49,804
Fleet Management	-	-	-	1,358,545	-	-	1,358,545
Total General Government	2,128,600	5,846,075	577,054	3,374,591	-	-	11,926,320
Public Safety							
Police Protection	-	52,443	3,365	1,010,296	-	-	1,066,104
Fire Protection	-	1,481,795	-	1,939,734	-	-	3,421,529
Total Public Safety	-	1,534,238	3,365	2,950,030	-	-	4,487,633
Public Works							
Streets and Roads	1,579,526	72,749	1,107,626	1,282,931	86,571,506	1,450,633	92,064,971
Storm Drain	-	-	9,400	-	13,411,046	85,192	13,505,638
Total Public Works	1,579,526	72,749	1,117,026	1,282,931	99,982,552	1,535,825	105,570,609
Parks and Public Property							
Parks	3,879,990	100,909	5,488,209	377,794	235,333	1,165,754	11,247,989
Cemetery	17,995	2,362	100,134	8,645	-	-	129,136
Recreation	-	10,285,252	-	152,604	-	-	10,437,856
Total Parks & Public Property	3,897,985	10,388,523	5,588,343	539,043	235,333	1,165,754	21,814,981
Museum	-	-	-	-	-	955,236	955,236
Municipal Building Authority	113,731	1,206,037	-	244,844	-	-	1,564,612
Glenmoor Speical Service District	93,379	-	336,982	-	-	-	430,361
Redevelopment Agency	286,402	-	-	15,500	-	-	301,902
Total General Fixed Assets	<u>\$ 8,099,623</u>	<u>\$ 19,047,622</u>	<u>\$ 7,622,770</u>	<u>\$ 8,406,939</u>	<u>\$ 100,217,885</u>	<u>\$ 3,656,815</u>	<u>\$ 147,051,654</u>

CITY OF SOUTH JORDAN

Capital Assets Used in the Operation of Governmental Funds Schedule of Changes by Function and Activity June 30, 2005

	General Fixed Assets			
	July 1, 2004	Additions	Deletions	June 30, 2005
<u>Function and Activity</u>				
General Government				
Administration	\$ 9,781,600	\$ 708,721	\$ -	\$ 10,490,321
Parkway	17,650	-	-	17,650
Building and Planning	10,000	-	-	10,000
Engineering	49,804	-	-	49,804
Economic Development	-	-	-	-
Fleet Management	1,339,748	18,797	-	1,358,545
Total General Government	<u>11,198,802</u>	<u>727,518</u>	<u>-</u>	<u>11,926,320</u>
Public Safety				
Police Protection	688,264	446,270	68,430	1,066,104
Fire Protection	<u>3,379,798</u>	<u>79,131</u>	<u>37,400</u>	<u>3,421,529</u>
Total Public Safety	<u>4,068,062</u>	<u>525,401</u>	<u>105,830</u>	<u>4,487,633</u>
Public Works				
Streets and Roads	83,504,164	8,560,807	-	92,064,971
Storm Drain	<u>11,708,824</u>	<u>1,796,814</u>	<u>-</u>	<u>13,505,638</u>
Total Public Works	<u>95,212,988</u>	<u>10,357,621</u>	<u>-</u>	<u>105,570,609</u>
Parks and Public Property				
Parks	7,857,701	3,422,883	32,595	11,247,989
Cemetery	129,136	-	-	129,136
Recreation	<u>6,958,475</u>	<u>3,479,381</u>	<u>-</u>	<u>10,437,856</u>
Total Parks & Public Property	<u>14,945,312</u>	<u>6,902,264</u>	<u>32,595</u>	<u>21,814,981</u>
Museum	<u>955,236</u>	<u>-</u>	<u>-</u>	<u>955,236</u>
Municipal Building Authority	<u>1,564,612</u>	<u>-</u>	<u>-</u>	<u>1,564,612</u>
Glenmoor Special Service District	<u>430,361</u>	<u>-</u>	<u>-</u>	<u>430,361</u>
Redevelopment Agency	<u>4,301,903</u>	<u>-</u>	<u>4,000,001</u>	<u>301,902</u>
Total General Fixed Assets	<u>\$ 132,677,276</u>	<u>\$ 18,512,804</u>	<u>\$ 4,138,426</u>	<u>\$ 147,051,654</u>

STATISTICAL SECTION



SOUTH JORDAN
U T A H

CITY OF SOUTH JORDAN
GENERAL FUND

General Fund - Governmental Expenditures by Function
Last Ten Fiscal Years

Fiscal Year	General Government	Public Safety	Public Works	Development Services	Total
1996	\$ 1,883,260	\$ 1,673,122	\$ 1,354,987	\$ 222,745	\$ 5,134,114
1997	1,857,831	1,874,079	602,060	186,840	4,520,810
1998	2,416,701	2,172,571	531,075	383,439	5,503,786
1999	2,351,897	2,396,438	529,684	312,196	5,590,215
2000	2,624,373	3,109,709	636,860	334,481	6,705,423
2001	2,918,942	3,747,944	1,015,457	428,801	8,111,144
2002	3,671,668	4,498,128	1,167,092	715,536	10,052,424
2003	4,730,519	5,233,088	1,489,770	885,860	12,339,237
2004	4,908,247	5,780,900	1,600,385	1,081,949	13,371,481
2005	3,564,908	6,619,809	2,311,903	2,653,467	15,150,087

DEFINITIONS:

General Government: Administration, Finance

Public Safety: Police, Fire, Municipal Court, & Ordinance Enforcement

Public Works: Streets, Roads, Sanitation, & Facility Maintenance

Development Services: Parks, Recreation, & Community Development

Note: In FY-05, Community Development moved from General Government to Development Services.

CITY OF SOUTH JORDAN

General Fund Revenues and Other Financing Sources by Source
Last Ten Fiscal Years

Fiscal Year	Taxes	Licenses and Permits	Inter- Governmental	Charges for Services	Fines and Forfeitures	Misc.	Total
1996	\$ 2,511,625	\$ 1,565,321	\$ 324,402	\$ 1,061,983	\$ 214,964	\$ 214,044	\$ 5,892,339
1997	3,772,434	811,844	401,474	850,907	246,329	428,854	6,511,842
1998	3,707,116	791,779	317,478	927,092	336,574	305,161	6,385,200
1999	4,375,105	726,177	354,703	878,984	436,660	290,006	7,061,635
2000	4,503,168	828,377	463,884	918,458	547,130	424,395	7,685,412
2001	5,862,742	876,840	556,577	1,379,403	774,254	573,806	10,023,622
2002	6,964,293	965,870	1,221,144	2,104,863	889,392	252,555	12,398,117
2003	7,103,170	1,348,514	1,260,459	3,844,111	1,006,452	967,668	15,530,374
2004	8,118,658	1,790,661	1,654,190	2,593,834	987,405	188,922	15,333,670
2005	9,175,242	2,948,658	2,124,881	3,660,082	1,189,595	362,703	19,461,161

CITY OF SOUTH JORDAN
Tax Revenue by Source - General Fund
Last Ten Fiscal Years

Fiscal Year	General Property Taxes (a)	Sales Tax	Energy Sales & Use Tax	Telecommunication Fee	Total Tax Revenue
1996	\$ 1,267,927	\$ 1,243,698	\$ -	\$ -	\$ 2,511,625
1997	1,498,674	1,441,361	832,399	-	3,772,434
1998	1,638,662	1,618,454	450,000	-	3,707,116
1999	1,882,116	1,928,777	564,212	-	4,375,105
2000	1,735,505	2,155,588	612,075	-	4,503,168
2001	2,333,098	2,618,546	849,905	61,193	5,862,742
2002	2,699,315	2,950,625	1,173,223	141,130	6,964,293
2003	2,885,846	2,843,808	1,210,835	162,681	7,103,170
2004	3,241,085	3,255,045	1,434,575	187,952	8,118,657
2005	3,519,995	3,658,972	1,431,090	565,185	9,175,242

- (a) Includes taxes on real property, personal property, motor vehicle taxes and penalty, and interest on property taxes.
- (b) Pryor to FY 2004-2005 the City charged a cellular telephone tax. This tax was repealed and replaced by the Telecommunication Fee.

CITY OF SOUTH JORDAN

Ratio of Water Fund Contributions to General Fund to Total General Fund Revenues
Last Ten Fiscal Years

Fiscal Year	Total General Fund Revenues	Contributions from Water Fund	Ratio of Water Fund Contributions to Total General Fund Revenue
1996	\$ 5,892,339	\$ -	0.0000
1997	6,511,842	10,000	0.0015
1998	6,385,200	-	0.0000
1999	6,977,987	68,000	0.0097
2000	7,685,414	-	0.0000
2001	10,023,622	-	0.0000
2002	12,398,117	-	0.0000
2003	15,530,374	-	0.0000
2004	15,333,670	-	0.0000
2005	19,461,161	-	0.0000

CITY OF SOUTH JORDAN
Assessed Valuation/Taxable Value Tax Levies/Tax Rates,
Tax Collection Experience
Last Ten Fiscal Years

Fiscal Year	Assessed Valuation/Taxable Value		Mill Levy/Tax Rate			Collection Experience		
			General Purpose	Bond Sinking Fund	Total	Assessed	Collected	Percent
1996	\$	687,043,266	0.001755	-	0.001755	\$ 992,480	\$ 816,910	82.31%
1997		693,953,917	0.001736	-	0.001736	1,204,704	1,203,379	99.89%
1998		772,377,656	0.001647	-	0.001647	1,272,106	1,199,073	94.26%
1999		899,426,347	0.001670	-	0.001670	1,502,042	1,643,973	109.45%
2000		999,355,309	0.001714	-	0.001714	1,712,895	1,479,746	86.39%
2001		1,130,758,991	0.001863	-	0.001863	2,106,604	2,069,945	98.26%
2002		1,265,268,767	0.001950	-	0.001950	2,535,599	2,356,705	92.94%
2003		1,413,255,451	0.001933	-	0.001933	2,755,848	2,507,262	90.98%
2004		1,538,457,838	0.001874	-	0.001874	2,973,839	2,859,643	96.16%
2005		1,721,854,829	0.002211	-	0.002211	3,226,756	3,145,921	97.49%

CITY OF SOUTH JORDAN
Property Tax Rates - All Overlapping Governments
(Per \$1 of assessed Value for Mill Levy)

Fiscal Year	South Jordan City	Jordan School District	Salt Lake Library	Salt Lake County	Mosquito Abatement	Central Utah Water Conservancy District
1996	0.001755	0.007262	0.000669	0.003796	0.000015	0.000349
1997	0.001736	0.006392	0.000647	0.003748	0.000014	0.000342
1998	0.001647	0.006504	0.000608	0.003551	0.000013	0.000400
1999	0.001670	0.006561	0.000607	0.002805	0.000013	0.000397
2000	0.001714	0.007582	0.000610	0.003024	0.000013	0.000396
2001	0.001863	0.008845	0.000583	0.002904	0.000012	0.000377
2002	0.001950	0.008344	0.000744	0.002935	0.000017	0.000358
2003	0.001933	0.008366	0.000747	0.002868	0.000034	0.000358
2004	0.001874	0.008856	0.000733	0.002816	0.000033	0.000353
2005	0.002211	0.008655	0.000696	0.002682	0.000031	0.000400

Fiscal Year	Hansen Planetarium	Salt Lake County Sewer District #1	Jordan Valley Water Conservancy District	Crescent Cemetary	Total
1996	0.000035	0.000911	0.000333		0.015125
1997	0.000034	0.000858	0.000321		0.014092
1998	(a)	0.000756	0.000400		0.013879
1999	(a)	0.000627	0.000403		0.013083
2000	(a)	0.000631	0.000400		0.014370
2001	(a)	0.000591	0.000400		0.015575
2002	(a)	0.000560	0.000392		0.015300
2003	(a)	0.000515	0.000397		0.015218
2004	(a)	0.000515	0.000392	0.000065	0.015637
2005	(a)	0.000473	0.000400	0.000059	0.015607

Source: Salt Lake County Auditor's Office

(a) 1997 Forward - Hansen Planetarium put in with the General Fund.

CITY OF SOUTH JORDAN
Special Assessment Billing and Collections
Last Ten Fiscal Years

Fiscal Year	Assessed Value	Net Bonded Debt
1996	\$ 34,215	\$ 22,527
1997	30,082	25,663
1998	26,806	32,748
1999	15,658	22,705
2000	15,658	6,798
2001	-	-
2002	-	-
2003	-	-
2004	577,919	577,919
2005	676,733	676,733

CITY OF SOUTH JORDAN
Ratio of Net General Bonded Debt to Assessed Valuation
and General Bonded Debt per Capita
Last Ten Fiscal Years

Fiscal Year	Population	Assessed Value	Net Bonded Debt	Ratio of Net General Bonded Debt to Assessed Value	Net General Bonded Debt Per Capita
1996	25,000	\$ 687,043,266	\$ 400,000	0.06%	16.00
1997	27,000	712,215,236	355,000	0.05%	13.15
1998	28,000	828,579,235	305,000	0.04%	10.89
1999	28,599	931,424,186	250,000	0.03%	8.74
2000	29,437	999,355,309	195,000	0.02%	6.62
2001	31,270	1,130,758,991	135,000	0.01%	4.32
2002	34,374	1,265,268,767	70,000	0.01%	2.04
2003	36,162	1,413,255,451	-	0.00%	-
2004	38,404	1,538,457,838	-	0.00%	-
2005	43,959	1,721,854,829	-	0.00%	-

CITY OF SOUTH JORDAN
 Computation of Direct Legal Debt Margin
 June 30, 2005

General Purposes:

Reasonal Fair Cash Value *	\$	2,694,699,241	
Debt limit, 4% of market value **			107,787,970
Amount of debt applicable to debt limit			-
Legal debt margin - general purposes			<u>\$ 107,787,970</u>

Water, Sewer, Lighting:

Reasonal Fair Cash Value *		2,694,699,241	
Debt limit, 8% of market value **			215,575,939
Amount of debt applicable to debt limit			-
Legal debt margin - water, sewer, lighting			<u>215,575,939</u>

Total Legal debt margin for all types			<u><u>\$ 323,363,909</u></u>
---------------------------------------	--	--	------------------------------

Source: Salt Lake County Auditor's Office

* Estimated value based on data from Salt Lake County Auditor's Office

** Debt margin applies to general obligation bonds. Market value is used to determine legal debt limit. See Utah Constitution, Sec 14, Paragraph 4.

CITY OF SOUTH JORDAN
Computation of Direct and Overlapping Debt
June 30, 2005

Government Entity	Net Debt Outstanding	Percentage Applicable to the City of South Jordan	City of South Jordan's Portion of Debt
City Of South Jordan	\$ -	100.00%	\$ -
Salt Lake County	151,650,311	3.10%	4,701,160
Jordan School District	172,775,000	9.20%	15,895,300
Salt Lake County Sewer District	860,000	24.61%	211,646
Central Utah Water Cons. District	318,325,950	2.21%	7,035,003
Total	<u>\$ 643,611,261</u>	<u>4.33%</u>	<u>\$ 27,843,109</u>

CITY OF SOUTH JORDAN
General Obligation Bond Coverage with Enterprise Fund
Last Ten Fiscal Years

Fiscal Year	Revenues	Expenses	Net Revenue Available for Debt Service	Debt Service Requirements			
				Principle	Interest	Total	Coverage
1996	\$ 3,191,386	\$ 2,361,647	\$ 829,739	\$ 40,000	\$ 24,708	\$ 64,708	12.82
1997	3,725,728	3,141,116	584,612	45,000	22,318	67,318	8.68
1998	3,631,369	2,762,823	868,546	50,000	20,275	70,275	12.36
1999	3,467,093	2,805,205	661,888	55,000	15,858	70,858	9.34
2000	3,810,904	3,432,036	378,868	55,000	21,560	76,560	4.95
2001	4,191,804	3,827,386	364,418	60,000	10,920	70,920	5.14
2002	5,165,822	4,357,145	808,677	65,000	7,560	72,560	11.14
2003	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2004	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2005	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Note: As of 2003 the City did not have any General Obligation Debt

CITY OF SOUTH JORDAN

Demographics Statistics
Year Ended June 30, 2005

Census Population Statistics

Year	Population
1950	1,048
1960	1,354
1970	2,942
1980	7,335
1990	12,220
2000	29,437
2005	43,959

* General Population Characteristics 2000

Age:	<u>Under 5</u>	<u>18 & over</u>	<u>21 & over</u>	<u>15-19</u>	<u>20-24</u>	<u>25-34</u>	<u>35-44</u>	<u>45-54</u>
	2,473	17,888	16,194	3,631	1,864	3,113	4,866	3,676
	<u>55-59</u>	<u>60-64</u>	<u>65-74</u>	<u>75-84</u>	<u>85 & older</u>			<u>Median Age</u>
	1,089	670	796	472	119			25.3

Race:	<u>White</u>	<u>Black</u>	<u>American Indian and Alaskan Aleut</u>	<u>Asian and Pacific Islander</u>	<u>Hispanic or Latino</u>	<u>Other</u>
	28,115	88	30	438	962	766

#	Income:	<u>Per Capita</u>	Mean per <u>Tax Return</u>	Mean per <u>Family</u>
		\$16,366	\$51,778	\$70,583

Total Occupied Housing Units:	7,507
Total Vacant Housing Units:	214

Homeowners:	89.70%
Renters:	10.30%

Persons per Dwelling Unit:	3.92
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* 2000 Census

2003 Utah Tax Commission Data

CITY OF SOUTH JORDAN
Property Value, Construction, and Bank Deposits
Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Property Value (A)</u>	<u>Construction (B)</u>	<u>Bank Deposits (C)</u>
1996	\$ 687,043,266	\$ 57,417,600	N/A
1997	694,708,489	82,078,616	N/A
1998	817,094,057	73,436,510	N/A
1999	899,426,173	66,716,230	N/A
2000	999,355,560	74,347,712	N/A
2001	1,130,758,991	75,415,442	N/A
2002	1,265,268,767	79,415,515	N/A
2003	1,413,255,451	104,915,862	N/A
2004	1,538,457,838	183,478,108	N/A
2005	1,721,854,829	279,358,383	N/A

- (A) Estimated historical cost based on data from the Salt Lake County Assessor
- (B) Based on building permits issued by the City Building Department
- (C) Utah is a branch banking state, and deposit information is available only on a statewide basis

CITY OF SOUTH JORDAN
Number of Building Permits and Construction Value
Last Ten Fiscal Years

Fiscal Year	Commercial		Residential		Other		Total	
	Permits	Value	Permits	Value	Permits	Value	Permits	Value
1996	11	\$ 5,529,700	472	\$61,334,700	63	\$ 553,750	546	\$ 67,418,150
1997	19	11,405,700	429	68,089,400	179	2,583,516	627	82,078,616
1998	20	12,426,850	432	55,850,100	211	5,159,560	663	73,436,510
1999	21	12,087,800	381	51,201,740	163	3,426,690	565	66,716,230
2000	66	28,000,247	354	43,679,450	293	2,668,015	713	74,347,712
2001	78	30,408,142	327	42,327,500	247	2,679,800	652	75,415,442
2002	61	16,596,300	462	60,057,100	319	2,762,115	842	79,415,515
2003	56	13,089,637	622	85,745,000	406	6,081,225	1084	104,915,862
2004	71	30,330,587	832	142,182,000	477	10,965,521	1380	183,478,108
2005	75	85,349,600	944	186,977,160	503	7,031,623	1522	279,358,383

Source: The City of South Jordan Building Department

CITY OF SOUTH JORDAN

Total Retail Sales Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Total Retail Sales in South Jordan</u>
1996	\$ 59,446,500
1997	67,886,497
1998	62,030,437
1999	66,144,015
2000	77,635,326
2001	89,491,203
2002	98,708,472
2003	156,304,624
2004	201,631,370
2005	221,049,747

Source: Utah State Tax Commission

CITY OF SOUTH JORDAN

Ten Largest Property Tax Payers

June 30, 2005

Taxpayer	Type	Assessed Value	Percentage of Total Assessed Valuation
Riverpark L.L.C.	Office Developer	\$ 28,240,100	1.083%
Sterling Village, L.C.	Multiple Residential	22,886,900	0.878%
Parkway Tower L.L.C.	Office Developer	14,354,100	0.550%
D E F Properties L.L.C.	Multiple Property	13,164,060	0.505%
Legacy Plaza, L.L.C.	Multi Residential	12,279,300	0.471%
Boyer Freeway Park LC	Office Developer	10,744,560	0.412%
MM (UT) PRS	Medical Supplies	10,472,600	0.402%
Orange Street L.L.C.	Property Developer	10,215,100	0.392%
Wal-mart Stores Inc.	Retail	10,076,500	0.386%
Legacy Retirement Center, L.L.C.	Residential Home Bldr	9,910,300	0.380%

Total Assessed value \$ 2,607,527,830

Source: Salt Lake County Assessors Office.

CITY OF SOUTH JORDAN

Miscellaneous Statistics

June 30, 2005

Fire Protection:	
Number of Stations	2
Number of Full-time Employees	35
Number of Volunteer (Part-time) Firefighters	0
Police Protection:	
Number of Sworn Officers	42
Number of Other Employees	7
Number of Vehicular Patrol Units	41
Recreation:	
Number of Developed Parks	23
Number of Developed Park Acres	298
Number of Planned, Future Parks	3
Number of Tennis Courts	9
Number of Horse Arenas	1
Number of Linear Feet of Park Strip	1,349,613
Education:	
Number of High Schools	1
Number of Middle Schools	2
Number of Elementary Schools	6
Water and Garbage Enterprises:	
Number of Culinary Water Connections	10,420
Number of Secondary Water Connections	2,919
Number of Garbage Users	9,626
Street Lights:	
Number of Street Lights	2,477
City Employees:	
Number of Full-time Employees	230
Number of Part-time Employees	127
Election:	
Number of Registered Voters	19,894
Number of Votes Cast in Last General Election - 2004	16,313
Number of Votes Cast in Last Municipal Election - 2005	3,009
Percentage of Registered Voting in Last General Election - 2004	82%
Percentage of Registered Voting in Last Municipal Election - 2005	15%
Municipal Government:	
Date of Incorporation	11/8/1935
Area in Square Miles	21.8
Miles in Streets	450
Miles in Storm Drains	88.9
Miles in Culinary Water Lines	218.7
Miles in Irrigation Water Lines	92.7
Principal Employers:	
Jordan School District Office	986
Ultradent	900
Merit Medical	797
City of South Jordan	357
Hewlett Packard Company	250
iBahn General Holdings Corp.	200
Xango	200
Altius Health Plans	190
Harmons	151
Landesk Software, Inc.	150

CITY OF SOUTH JORDAN
Schedule of Insurance in Force
Year Ended June 30, 2005

Name of Company	Type Of Coverage	Policy Number	Policy Period	Details of Coverage	Liability Limit	Premium
URMMA	Comprehensive and General Liability Auto Coverage	Joint Protection Agreement	Indefinite	Auto Physical Damage Auto Bodily Damage Property Damage General Liability Personal Injury Liability Error & Omission Liability Uninsured Motorist	N/A 5,000 100/100 10,000 10,000 10,000 20/40	
URMMA		Joint Protection Agreement	Indefinite	General Liability Property Damage		
Cincinnati Insurance	City Manager/CEO	8455456	July, 2006	Public Officials Bond	1,000,000	\$ 1,100
Cincinnati Insurance	City Treasurer	8455455	July, 2006	Public Officials Bond	1,000,000	1,100
Hartford Fire	Public Employee Bond	34BPEAW0369	July, 2006	Blanket Bond	100,000	2,754
Chubb Group	Off Duty Vehicles (59 Positions)	74969965	July, 2006		1,000,000	7,930
Hartford Steam Boiler	Equipment Breakdown	FBP2226704	July, 2006		50,000,000	6,385
Chubb Group	Commercial Package	35833430	July, 2006	Blanket Property Building Ordinance or Law Data Processing Equipmt Mobile Equipment Earthquake Coverage *Ded - 50,000 - Mulligans Leased/Rented Equipmt *Ded - 1,000 Employee Tools *Ded - 250	32,410,362 Inc Inc Inc 300,000 100,000 41,235	31,600 750 50 825
Chubb Group	Emergency Vehicles	74969966	July, 2006	Over \$50,000, 2,500 ded Auto Physical Damage 113 vehicles -Comprehensive Deductible \$500 -Collision Deductible \$500 Hired Auto Physical Damage at \$500 Deductible Comprehensive/Collision	2,601,291	73,243
Total premium for all coverage						\$ 125,737

CITY OF SOUTH JORDAN

Surety Bonds of Principal Officers

Year Ended June 30, 2005

<u>Name of Official</u>	<u>Title</u>	<u>Amount of Bond</u>
William Kent Money	Mayor	\$ 25,000
David W. Colton	Council Member	25,000
Ann Gayheart	Council Member	25,000
Bradley G. Marlor	Council Member	25,000
Mary Wenner	Council Member	25,000
Leona Winger	Council Member	25,000
Ricky A. Horst	City Manager	1,000,000
Dean Lundell	City Treasurer	1,000,000

City of South Jordan
Impact Fee Analysis
For Fiscal Year Ending June 30, 2005

Description	Storm Drain	Roads & Bridges	Parks	Police	Fire	Culinary Water	Secondary Water
Beginning Balance	\$ 1,386,411	\$ -	\$ 3,593,377	\$ 3,439	\$230,042	\$ 1,035,145	\$ 187,338
<u>Revenues</u>							
Previous Imact Fees							
Section I Impact Fees							
Section II Impact Fees							
Section III Impact Fees							
City Wide Impact Fees	542,857	1,766,078	2,283,478	191,162	242,930	2,106,163	2,978
Total Revenues	1,929,268	1,766,078	5,876,855	194,601	472,972	3,141,308	190,316
<u>Expenditures</u>							
Previous Fee Expend.							
Section I Expenditures							
Section II Expenditures							
Section III Expenditures							
City Wide Expenditures	544,163	1,579,462	4,642,300	67,224	68,674	577,749	107,028
Total Expenditures	544,163	1,579,462	4,642,300	67,224	68,674	577,749	107,028
Ending Balance	\$ 1,385,105	\$ 186,616	\$ 1,234,554	\$ 127,377	\$404,298	\$ 2,563,559	\$ 83,288

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**INTERNAL CONTROL
AND
COMPLIANCE REPORTS**



SOUTH JORDAN

U T A H

GILBERT & STEWART
CERTIFIED PUBLIC ACCOUNTANTS
A PROFESSIONAL CORPORATION

RANDEL A HEATON, C.P.A.
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**REPORT IN INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Honorable Mayor and City Council
City of South Jordan
South Jordan, UT

November 30, 2005

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of South Jordan as of and for the year ended June 30, 2005, and have issued our report thereon dated November 30, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of South Jordan's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of South Jordan's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However we noted certain immaterial instances of noncompliance that we reported to management of South Jordan City in a separate letter dated November 30, 2005.

This report is intended solely for the information of management, City Council, and Utah State Auditor and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

GILBERT & STEWART
Certified Public Accountants

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**INDEPENDENT AUDITOR'S REPORT
ON LEGAL COMPLIANCE WITH APPLICABLE
UTAH STATE LAWS AND REGULATIONS**

Honorable Mayor and City Council
City of South Jordan
South Jordan, UT

November 30, 2005

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the remaining fund information of City of South Jordan for the year ended June 30, 2005, and have issued our report thereon dated November 30, 2005. As part of our audit, we have audited City of South Jordan's compliance with the requirements governing types of services allowed or unallowed; eligibility; matching, level of effort, or earmarking; special tests and provisions applicable to each of its major state assistance programs as required by the State of Utah's Legal Compliance Audit Guide for the year ended June 30, 2005. The City received the following major state assistance programs from the State of Utah:

Class "C" Road Funds (Department of Transportation)
Liquor Funds (Utah State Tax Commission)

The City also received the following nonmajor grants which are not required to be audited for specific compliance requirements: (However, these programs were subject to test work as part of the audit of the City of South Jordan's financial statements.)

Library Service Development (State Library)
Emergency Medical Services (Department of Health)
Historical Grant (Department of Community & Economic Development)

Our audit also included test work on the City's compliance with those general compliance requirements identified in the Compliance Manual for Audits of Local Governments in Utah including:

Public Debt	Justice Courts
Cash Management	B & C Road Funds
Purchasing Requirements	Special Districts
Budgetary Compliance	Other Compliance Requirements
Property Tax	Department of Commerce - Building Permits
Liquor Law Enforcement	Impact Fees
Asset Forfeiture	

The management of the City of South Jordan is responsible for the City's compliance with all compliance requirements identified above. Our responsibility is to express an opinion on compliance with those requirements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether material noncompliance with the requirements referred to above occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements. We believe that our audit provides a reasonable basis for our opinion.

The results of our audit procedures disclosed immaterial instances of noncompliance with the requirements referred to above, which are described in the accompanying management letter. We considered these instances of noncompliance in forming our opinion on compliance, which is expressed in the following paragraph.

In our opinion, the City of South Jordan complied, in all material respects, with the general compliance requirements identified above and the requirements governing types of services allowed or unallowed; eligibility; matching, level of effort, or earmarking; reporting; and special tests and provisions that are applicable to each of its major state assistance programs for the year ended June 30, 2005.

GILBERT & STEWART
Certified Public Accountants